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Credit
Research
Center

# HOUSEHOLD CREDIT DATA BOOK

## 1989

Krannert Graduate School of Management — Purdue University

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# PREFACE

One of the Credit Research Center's goals is to inform and educate the public on all aspects of consumer credit. The Center's staff receive many requests for basic data pertaining to characteristics and trends in the consumer credit industry. To more efficiently accommodate these inquiries, we have compiled this reference manual, now in its second edition.

The Household Credit Data Book is organized into five sections. The first section describes the volume and growth of consumer credit over the last decade. The second section focuses on revolving credit. It includes detailed data on both bank and retail credit card accounts and issuers. The third section deals with various measures of the quality of credit, including statistics that describe household indebtedness, delinquency patterns and personal bankruptcy. The fourth section examines home equity lending, the fastest growing segment of consumer credit. The fifth section provides a quick reference for basic statistics on the volume of mortgage debt incurred by households as well as interest rates on fixed and adjustable mortgage loans.

Each section consists of a series of data tables and accompanying charts. Data are derived from a wide variety of government and private sources. References to the original source are provided, along with an address for obtaining additional information. Each section begins with an introduction which describes the significant trends of the last decade. A glossary of commonly used terms in the industry is provided at the back of the Data Book.

The efforts of several individuals deserve special thanks. Charlene Sullivan and Debra Drecnik Worden pioneered the concept of the Data Book by assembling the first version in 1987. Much of the structure they created has been retained in the current volume. Stephanie Wilshusen, Peter Bostwick, and Shuanglin Lin provided able assistance with data collection and computer graphics. Judy Ruzich and Judy Hanks patiently shepherded the rough manuscript to its final form. Last but not least, Robert Johnson, Director of the Credit Research Center, provided suggestions, data and guidance throughout the project.

We welcome comments and suggestions for improving the utility of this manual. Please call or write us at the address noted below. Tables and charts contained in this manual may be reprinted so long as both the Credit Research Center and the original source are clearly cited.

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# Section 1. Credit Growth, Distribution and Cost

## Nominal and Real Total Consumer Credit

From January, 1980 to December, 1988, the total dollar amount of consumer installment credit outstanding in the United States grew by 121%. Of course, inflation accounts for much of this increase. In real terms, consumer installment credit has grown by nearly 43% since January, 1980, the peak prior to the recession. By comparison, real disposable income grew during the same period by 32% (see appendix). Given that installment credit generally declined during the period 1980-1982, it is clear that virtually all of the growth in credit since the pre-recession peak has occurred in the six-year period beginning with the economic recovery in late 1982.

Six years of economic expansion coupled with the movement of baby-boom generation consumers into their prime credit using years (ages 25-44) has accounted for most of the increase in credit demand. On the supply side, the removal of usury ceilings, the deregulation of rates paid on savings deposits, and various technological and financial innovations have yielded new credit products and have increased the availability of installment credit.

The growth in the total dollar amount of installment debt also reflects changes in loan maturities and the type of credit used. Automobile loan contracts have steadily increased in maturity. This has enabled monthly payments to increase less rapidly than total debt, making larger outstanding balances more affordable. The proliferation of credit cards has also contributed to the appearance of greater total installment debt. About half of all credit card users are convenience users who do not revolve monthly balances. Consequently, a significant portion of credit card debt is paid within 30 days, unlike other installment debt.

One category of consumer debt that is not represented in the traditional installment credit series are Home Equity Lines of Credit (HELCs). Since these credit lines are secured by real estate, they fall outside the Federal Reserve Board's definition of consumer credit. Nevertheless, surveys have shown that a substantial portion of the approximately $75 billion of outstanding balances on HELCs at the end of 1988 was used for more general purposes than home improvements. If HELC's continue the rapid growth displayed since the Tax Reform Act of 1986, the Fed's installment debt statistics will increasingly understate the amount of consumer credit extended.

## Credit Type and Lender Market Share

Automobile credit is the largest single source of consumer (non-mortgage) indebtedness. Auto credit has increased steadily over the last decade, from 37% of total installment debt in 1978 to 43% in 1988. However, the fastest growing segment of consumer debt is revolving credit, which increased from 17.7% of total installment debt in 1978 to 28% in 1988. Together, credit card and automobile credit comprised 55% of total consumer credit in 1978. By 1988 this share had grown to over 70%. Clearly, other forms of installment debt, primarily closed-end, unsecured loans, are declining in relative importance for creditor portfolios.

Commercial bank and finance company market shares have remained relatively stable over the past decade, varying between 47-48% and 21-23%, respectively. At the same time, the share held by savings institutions has almost tripled from 3.6% in 1978 to over 10% by 1988. This growth is attributable to the wider asset powers granted to savings and loan associations by the Depository Institution Deregulation and Monetary Control Act of 1980. However, retailer and oil company shares of consumer credit have continued a long and steady decline, falling from 10.7% in 1978 to 7.3% in 1988. It appears that some portion of retail credit has been supplanted by bank card credit.

The stability of bank and finance company market shares mask important underlying shifts in the composition of their consumer loan portfolios. The finance company totals have become increasingly dominated by the automobile financing activities of the three major domestic auto makers, through their "captive" finance company divisions. The proportion of all credit held by finance companies in the form of auto loans has risen over ten years from 37% in 1979 to 66.7% in 1988. Personal cash loans have exhibited the opposite trend, falling from 46.7% of outstanding credit held by finance companies in 1979 to 16.3% in 1988.

Commercial banks have seen the proportion of their consumer portfolios devoted to auto credit decline somewhat in the last decade, beginning in about 1980. This shift has been largely due to the increased willingness of the domestic auto makers to offer special incentives in the form of low interest rates to promote car sales.

The most dramatic change in commercial bank portfolios has been the growth in credit card receivables. In 1978, banks held 18% of their consumer portfolios as revolving credit. This share grew to over 35% by 1988. At the end of 1988, banks held 63% of all revolving credit outstanding.

Table 1. CONSUMER INSTALLMENT CREDIT OUTSTANDING (Millions of Dollars, not seasonally adjusted)

| Year | | Year | |
|---|---|---|---|
| 1960 | $42,968 | 1970 | $102,064 |
| 1961 | 43,891 | 1971 | 111,295 |
| 1962 | 48,720 | 1972 | 127,448 |
| 1963 | 55,486 | 1973 | 146,434 |
| 1964 | 62,692 | 1974 | 157,454 |
| 1965 | 70,893 | 1975 | 172,353 |
| 1966 | 76,245 | 1976 | 193,977 |
| 1967 | 79,428 | 1977 | 230,564 |
| 1968 | 87,745 | 1978 | 273,645 |
| 1969 | 97,105 | 1979 | 312,024 |

| | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|
| J | $302,136 | $299,046 | $314,647 | $327,308 | $373,705 |
| F | 301,169 | 297,029 | 311,808 | 324,764 | 378,548 |
| M | 300,012 | 298,389 | 311,479 | 327,103 | 382,919 |
| A | 298,332 | 300,145 | 312,927 | 329,615 | 388,458 |
| M | 296,032 | 301,953 | 314,431 | 331,562 | 398,449 |
| J | 295,672 | 304,360 | 317,004 | 337,645 | 408,546 |
| J | 295,123 | 305,441 | 317,544 | 342,464 | 413,629 |
| A | 296,926 | 307,289 | 319,662 | 348,788 | 422,111 |
| S | 297,685 | 311,987 | 322,068 | 353,328 | 427,324 |
| O | 297,577 | 311,528 | 321,252 | 357,720 | 432,607 |
| N | 297,363 | 311,669 | 322,880 | 363,005 | 438,087 |
| D | 302,062 | 315,547 | 330,373 | 374,478 | 449,489 |

| | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|
| J | $449,946 | $526,065 | $572,985 | $619,766 |
| F | 451,246 | 526,207 | 568,601 | 619,191 |
| M | 458,089 | 527,379 | 568,352 | 620,902 |
| A | 466,400 | 533,552 | 574,383 | 626,850 |
| M | 473,369 | 540,131 | 577,584 | 621,769 |
| J | 479,557 | 545,587 | 585,167 | 638,572 |
| J | 482,631 | 552,298 | 592,527 | 645,637 |
| A | 491,706 | 559,169 | 599,711 | 654,782 |
| S | 504,089 | 568,079 | 607,777 | 660,236 |
| O | 509,914 | 573,518 | 610,751 | 660,812 |
| N | 514,712 | 575,012 | 612,341 | 665,508 |
| D | 526,470 | 581,336 | 623,628 | 679,289 |

Source: Federal Reserve Statistical Release G. 19

Table 2. CONSUMER INSTALLMENT CREDIT OUTSTANDING (Millions of nominal dollars, seasonally adjusted)

| | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|---|
| J | $324,988 | $357,933 | $388,083 | $302,197 | $297,960 | $313,418 |
| F | 325,422 | 359,625 | 387,863 | 304,216 | 299,068 | 314,078 |
| M | 329,146 | 362,735 | 388,574 | 304,083 | 301,249 | 314,506 |
| A | 301,850 | 364,853 | 389,398 | 302,724 | 302,653 | 315,511 |
| M | 334,319 | 368,163 | 389,581 | 300,398 | 304,192 | 316,770 |
| J | 336,928 | 371,653 | 388,826 | 296,559 | 305,224 | 317,851 |
| J | 339,615 | 374,118 | 388,164 | 295,539 | 305,880 | 317,860 |
| A | 343,198 | 377,224 | 388,302 | 295,875 | 306,287 | 318,612 |
| S | 346,241 | 378,650 | 388,251 | 295,732 | 310,003 | 320,089 |
| O | 349,677 | 379,848 | 388,985 | 296,305 | 310,271 | 320,008 |
| N | 352,945 | 383,224 | 388,991 | 296,336 | 310,751 | 321,959 |
| D | 356,498 | 386,774 | 386,313 | 297,566 | 310,682 | 323,536 |

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|---|
| J | $326,002 | $373,655 | $448,076 | $524,025 | $570,967 | $617,522 |
| F | 327,424 | 380,790 | 454,727 | 530,595 | 573,612 | 624,563 |
| M | 330,685 | 386,830 | 462,839 | 533,549 | 575,452 | 628,754 |
| A | 332,380 | 391,712 | 470,372 | 538,585 | 580,072 | 633,131 |
| M | 333,921 | 401,084 | 476,087 | 543,579 | 581,233 | 635,757 |
| J | 338,429 | 409,420 | 480,950 | 547,866 | 587,878 | 641,752 |
| J | 342,669 | 413,849 | 483,019 | 553,090 | 593,512 | 646,945 |
| A | 347,571 | 420,605 | 490,381 | 557,611 | 598,190 | 653,431 |
| S | 351,306 | 424,988 | 501,388 | 563,702 | 602,978 | 655,197 |
| O | 356,457 | 431,131 | 507,852 | 569,981 | 606,927 | 656,880 |
| N | 362,006 | 436,747 | 512,634 | 571,791 | 608,726 | 661,705 |
| D | 367,869 | 442,538 | 517,754 | 571,833 | 613,021 | 667,328 |

Source: Federal Reserve Statistical Release G.19

Table 3. REAL TOTAL CONSUMER INSTALLMENT CREDIT[1] (Millions of constant dollars, seasonally adjusted)

| | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|---|
| J | $324,988 | $357,933 | $388,083 | $388,185 | $342,632 | $332,340 |
| F | 325,422 | 359,625 | 387,862 | 385,489 | 340,378 | 331,982 |
| M | 329,146 | 362,735 | 388,574 | 379,857 | 340,403 | 332,787 |
| A | 331,850 | 364,853 | 389,398 | 373,949 | 339,810 | 332,441 |
| M | 334,319 | 368,163 | 389,581 | 367,439 | 338,745 | 330,513 |
| J | 336,928 | 371,653 | 388,826 | 358,788 | 337,013 | 327,646 |
| J | 339,615 | 374,118 | 388,264 | 357,265 | 333,922 | 325,862 |
| A | 343,198 | 377,224 | 388,302 | 355,377 | 331,826 | 325,963 |
| S | 346,241 | 378,650 | 388,251 | 351,959 | 332,485 | 326,916 |
| O | 349,677 | 379,848 | 388,985 | 349,586 | 332,059 | 325,944 |
| N | 352,945 | 383,224 | 388,991 | 346,484 | 331,625 | 328,490 |
| D | 356,498 | 386,774 | 386,313 | 344,826 | 330,609 | 331,454 |

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|---|
| J | $331,182 | $366,744 | $424,624 | $480,757 | $511,161 | $533,727 |
| F | 334,521 | 372,527 | 429,162 | 485,448 | 513,989 | 538,416 |
| M | 337,623 | 377,081 | 434,899 | 490,394 | 513,338 | 539,703 |
| A | 336,942 | 379,985 | 440,183 | 495,935 | 514,705 | 540,676 |
| M | 336,681 | 387,946 | 443,867 | 499,154 | 513,911 | 541,070 |
| J | 340,081 | 394,735 | 447,010 | 500,334 | 517,954 | 543,858 |
| J | 342,961 | 397,725 | 448,237 | 505,105 | 521,540 | 545,945 |
| A | 346,709 | 402,539 | 454,085 | 508,305 | 522,893 | 549,563 |
| S | 348,693 | 404,793 | 462,846 | 511,526 | 524,329 | 550,586 |
| O | 352,871 | 409,602 | 467,373 | 516,755 | 526,389 | 546,489 |
| N | 357,773 | 414,938 | 470,185 | 517,927 | 527,492 | 550,046 |
| D | 363,088 | 420,173 | 473,721 | 517,496 | 531,214 | 553,799 |

[1]Real values: nominal values divided by consumer price index for all urban consumers (CPI-u) and multiplied by 100. CPI-u in 1982-84 = 100.

Source: Federal Reserve Statistical Release G-19

Table 4. ANNUALIZED GROWTH RATE IN CONSUMER INSTALLMENT CREDIT (seasonally adjusted)

| | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|---|
| J | 15.3% | 12.0% | 14.8% | 3.1% | 1.6% | 10.6% |
| F | 13.9 | 13.4 | 13.4 | 8.0 | 4.5 | 2.5 |
| M | 21.3 | 19.4 | 13.8 | -0.5 | 8.8 | 1.6 |
| A | 19.2 | 17.8 | 16.4 | -5.4 | 5.6 | 3.8 |
| M | 15.8 | 22.3 | 15.3 | -9.2 | 6.1 | 4.8 |
| J | 17.4 | 23.9 | 11.7 | -15.3 | 4.1 | 4.1 |
| J | 14.9 | 16.6 | 10.6 | -4.1 | 2.6 | 0.0 |
| A | 17.3 | 16.7 | 12.5 | 1.4 | 1.6 | 2.8 |
| S | 15.3 | 13.7 | 12.3 | -0.6 | 14.6 | 5.6 |
| O | 15.2 | 13.5 | 13.0 | 2.3 | 1.0 | -0.3 |
| N | 17.1 | 17.3 | 11.2 | 0.1 | 1.9 | 7.3 |
| D | 16.7 | 16.5 | 4.3 | 5.0 | -0.3 | 5.9 |

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|---|
| J | 9.1% | 18.9% | 15.0% | 17.2% | 1.6% | 12.2% |
| F | 5.2 | 22.9 | 17.8 | 11.3 | 2.1 | 9.8 |
| M | 12.0 | 19.0 | 21.4 | 6.8 | 0.7 | 10.0 |
| A | 6.2 | 15.1 | 19.5 | 10.6 | 7.6 | 7.3 |
| M | 5.6 | 28.7 | 14.6 | 13.9 | -0.7 | 5.7 |
| J | 16.2 | 24.9 | 12.3 | 11.5 | 9.4 | 15.2 |
| J | 15.0 | 13.0 | 5.2 | 11.8 | 6.8 | 6.7 |
| A | 17.2 | 19.6 | 18.3 | 7.1 | 10.2 | 9.9 |
| S | 12.9 | 12.5 | 27.1 | 16.1 | 12.9 | 0.0 |
| O | 17.6 | 17.3 | 19.3 | 13.4 | 5.7 | 7.2 |
| N | 18.7 | 15.6 | 10.8 | 3.8 | 5.2 | 8.5 |
| D | 19.4 | 15.9 | 14.7 | 0.3 | 8.5 | 7.8 |

Source: Federal Reserve Statistical Release G-19

Table 5. DISTRIBUTION OF OUTSTANDING CONSUMER CREDIT (Seasonally adjusted)

a. Major Holder

| Year | Commercial Banks | Finance Cos. | Credit Unions | Savings & Loan | Retailers | Gas Cos. |
|---|---|---|---|---|---|---|
| 1975 | 48.1% | 20.9% | 14.9% | 4.0% | 10.6% | 1.6% |
| 1976 | 48.3 | 20.1 | 16.1 | 4.2 | 9.9 | 1.4 |
| 1977 | 48.7 | 19.4 | 16.3 | 4.1 | 10.2 | 1.3 |
| 1978 | 49.7 | 19.8 | 16.2 | 3.6 | 9.5 | 1.2 |
| 1979 | 49.4 | 21.9 | 14.9 | 2.7 | 9.0 | 1.2 |
| 1980 | 48.9 | 20.8 | 14.7 | 5.3 | 8.8 | 1.5 |
| 1981 | 47.0 | 22.5 | 14.7 | 5.3 | 9.2 | 1.4 |
| 1982 | 46.1 | 23.2 | 14.5 | 5.9 | 9.1 | 1.3 |
| 1983 | 46.0 | 22.6 | 14.4 | 6.6 | 9.3 | 1.1 |
| 1984 | 47.3 | 20.2 | 14.8 | 8.3 | 8.4 | 1.0 |
| 1985 | 46.7 | 21.4 | 13.9 | 9.6 | 7.6 | 0.8 |
| 1986 | 45.8 | 23.4 | 13.3 | 9.9 | 6.9 | 0.6 |
| 1987 | 45.9 | 22.8 | 13.2 | 10.4 | 7.0 | 0.6 |
| 1988 | 48.0 | 21.5 | 12.9 | 10.3 | 6.8 | 0.5 |

b: Credit Type

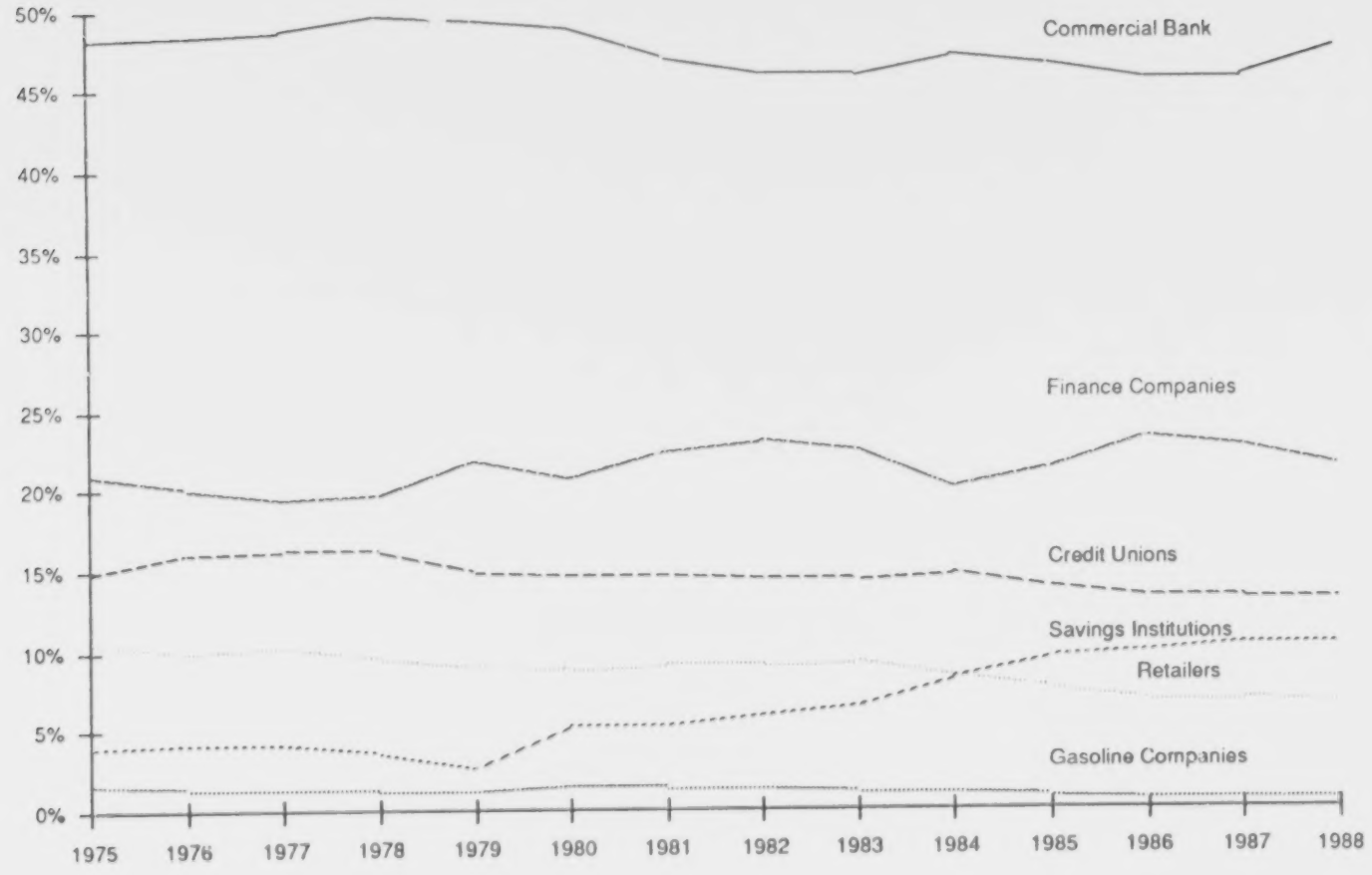
| Year | Auto | Revolving | Mobile Home | Other |
|---|---|---|---|---|
| 1975 | 33.2% | 8.7% | 8.4% | 49.7% |
| 1976 | 34.9 | 8.9 | 7.5 | 48.7 |
| 1977 | 36.0 | 17.0[1] | 6.5 | 40.5 |
| 1978 | 37.1 | 17.7 | 5.6 | 39.6 |
| 1979 | 37.3 | 18.3 | 5.4 | 39.0 |
| 1980 | 37.6 | 18.4 | 6.3 | 37.7 |
| 1981 | 38.3 | 19.6 | 6.5 | 35.6 |
| 1982 | 38.4 | 20.5 | 7.1 | 34.1 |
| 1983 | 39.1 | 21.4 | 6.4 | 33.1 |
| 1984 | 39.3 | 22.6 | 5.8 | 32.3 |
| 1985 | 40.5 | 23.6 | 5.2 | 30.8 |
| 1986 | 43.0 | 23.8 | 4.7 | 28.4 |
| 1987 | 43.6 | 26.0 | 4.2 | 26.2 |
| 1988 | 43.4 | 27.9 | 3.9 | 24.8 |

Note: Data reflect distrubution as of December 31 of each year.

[1]Revolving credit increased sharply only because of transfer of retailer credit from "other" category to the revolving category

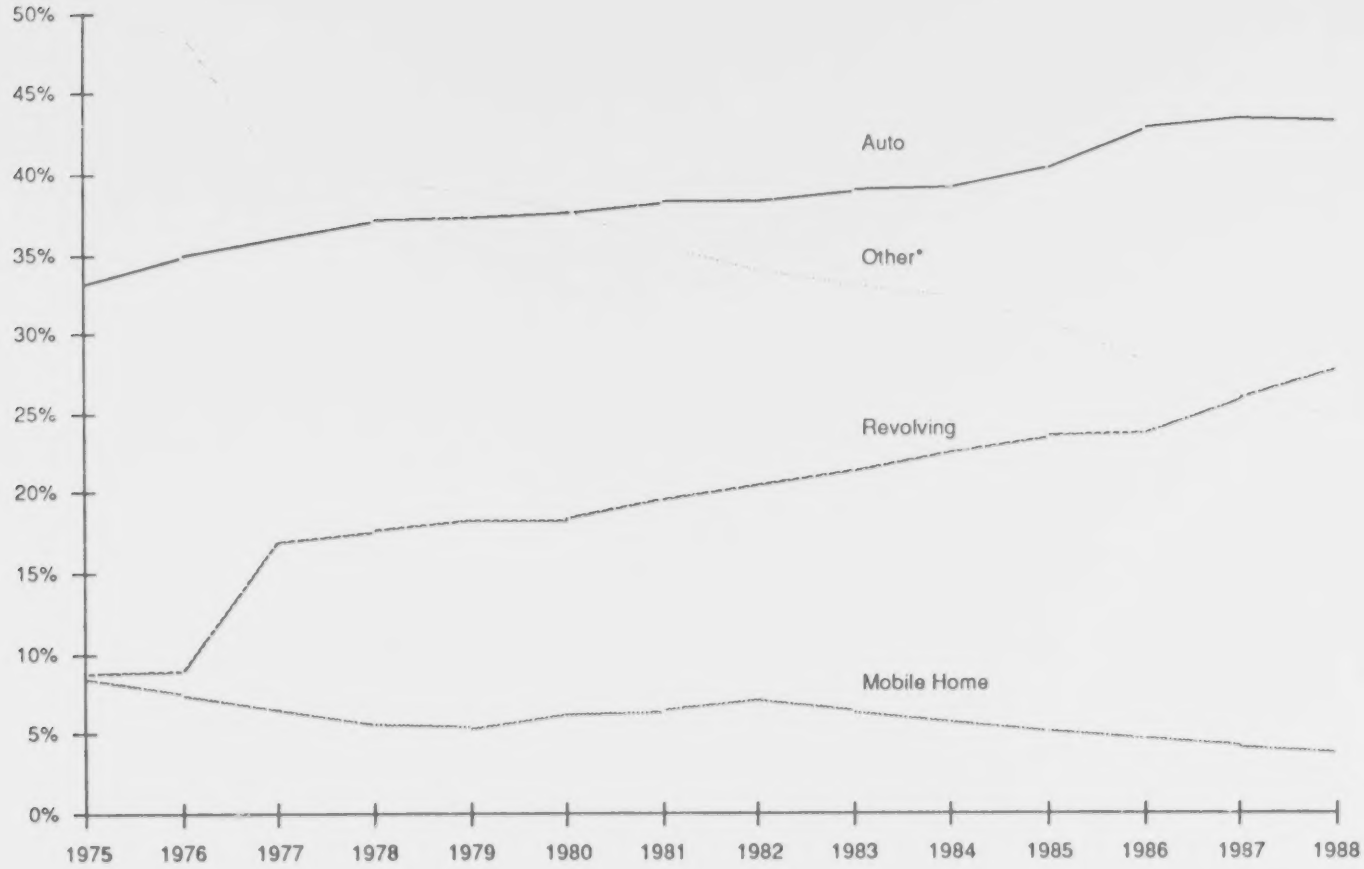
Source: Federal Reserve Statiscal Release G-19

Chart1. MARKET SHARE OF OUTSTANDING CONSUMER CREDIT BY MAJOR HOLDER




Data are from Table 5.

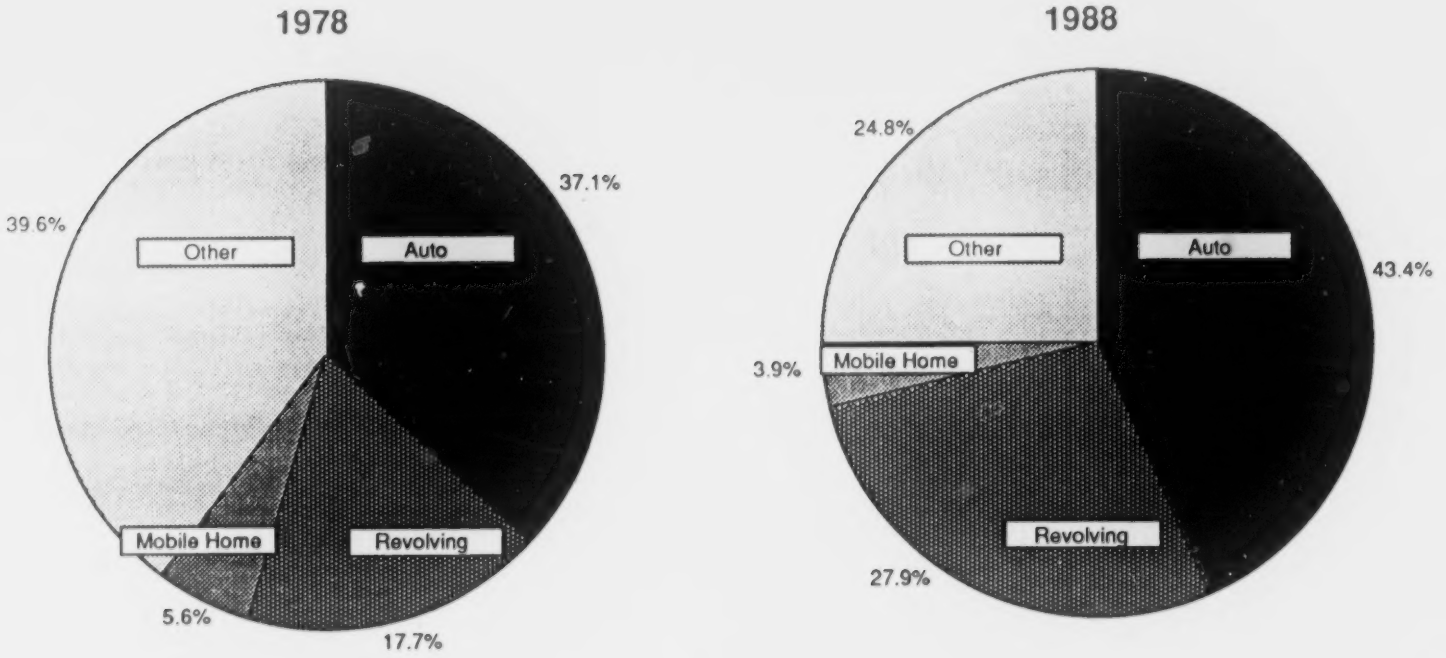
Chart 2. DISTRIBUTION BY TYPE OF CONSUMER INSTALLMENT CREDIT OUTSTANDING




Data are from Table 5.

* Other: all other installment credit

Chart 3. DISTRIBUTION BY TYPE OF CONSUMER INSTALLMENT CREDIT OUTSTANDING FOR 1978 AND 1988.




Data are from Table 5.

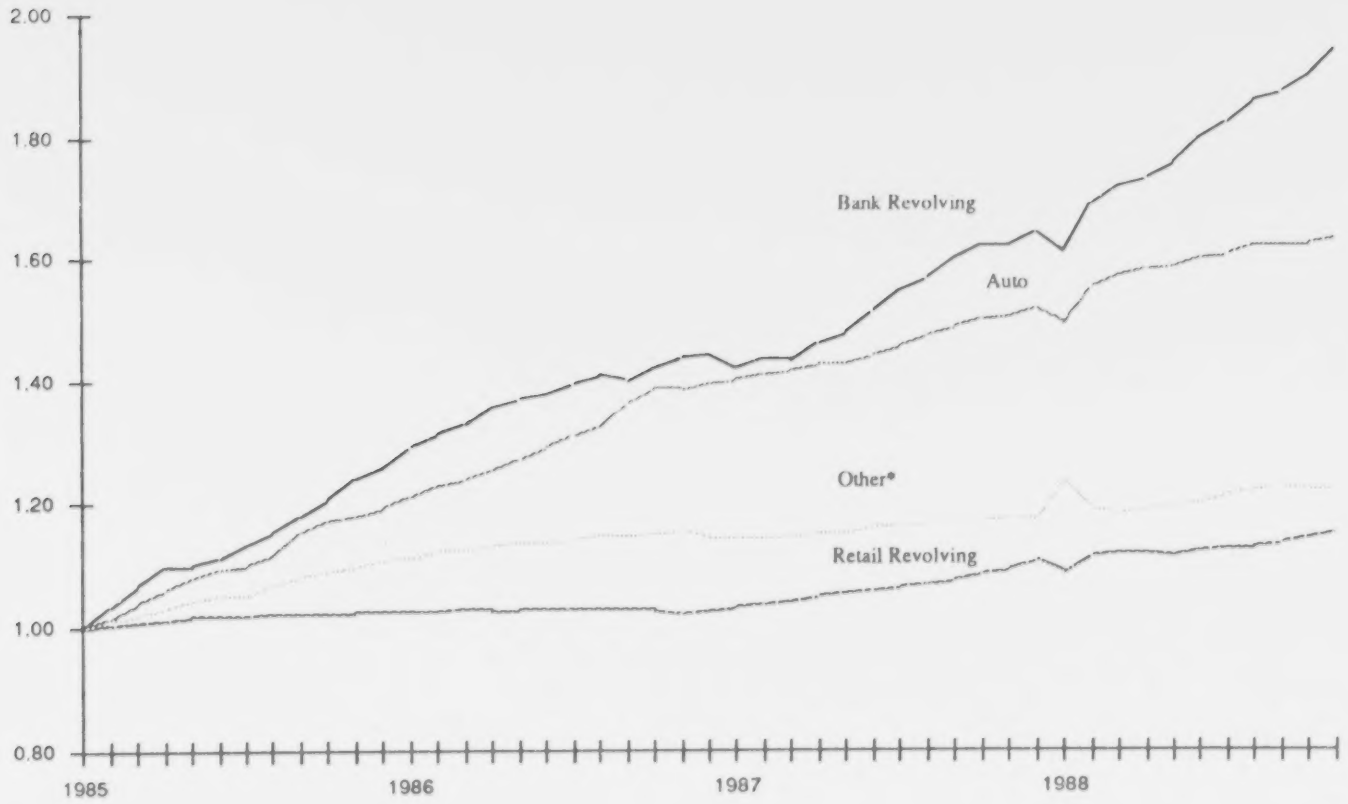
Table 6. CONSUMER CREDIT OUTSTANDING BY TYPE (Millions of seasonally adjusted dollars)

| Year | Month | Auto | Bank Revolving | Retail Revolving | Other |
|---|---|---|---|---|---|
| 1985 | J | $175,873 | $60,034 | $33,414 | $178,755[1] |
| | F | 178,620 | 61,975 | 33,540 | 180,592 |
| | M | 182,676 | 64,052 | 33,681 | 182,430 |
| | A | 186,368 | 65,844 | 33,841 | 184,319 |
| | M | 189,800 | 66,015 | 33,971 | 186,301 |
| | J | 192,324 | 66,700 | 33,985 | 187,941 |
| | J | 193,498 | 68,052 | 33,986 | 187,483 |
| | A | 196,105 | 69,207 | 34,164 | 190,905 |
| | S | 203,037 | 70,865 | 34,094 | 193,392 |
| | O | 206,245 | 72,421 | 34,171 | 195,015 |
| | N | 207,720 | 74,371 | 34,220 | 196,323 |
| | D | 209,636 | 75,607 | 34,273 | 198,238 |
| 1986 | J | 213,182 | 77,608 | 34,291 | 198,944 |
| | F | 216,356 | 78,863 | 34,256 | 201,120 |
| | M | 217,820 | 79,783 | 34,415 | 201,531 |
| | A | 220,466 | 81,558 | 34,304 | 202,257 |
| | M | 223,771 | 82,317 | 34,419 | 203,072 |
| | J | 227,329 | 82,870 | 34,376 | 203,291 |
| | J | 230,641 | 83,849 | 34,384 | 204,216 |
| | A | 233,405 | 84,669 | 34,403 | 205,134 |
| | S | 240,046 | 84,043 | 34,347 | 205,221 |
| | O | 244,271 | 85,443 | 34,295 | 205,972 |
| | N | 244,202 | 86,474 | 34,106 | 207,009 |
| | D | 246,109 | 86,757 | 34,320 | 204,647 |
| 1987 | J | 246,995 | 85,361 | 34,485 | 204,126 |
| | F | 248,318 | 86,320 | 34,656 | 204,318 |
| | M | 249,498 | 86,139 | 34,791 | 205,024 |
| | A | 251,211 | 87,872 | 35,055 | 205,934 |
| | M | 251,741 | 88,875 | 35,212 | 205,405 |
| | J | 254,212 | 90,913 | 35,346 | 207,407 |
| | J | 256,585 | 93,025 | 35,542 | 208,360 |
| | A | 259,558 | 94,142 | 35,731 | 208,759 |
| | S | 261,902 | 96,083 | 35,941 | 209,052 |
| | O | 263,823 | 97,416 | 36,270 | 209,418 |
| | N | 264,474 | 97,378 | 36,501 | 210,373 |
| | D | 267,180 | 98,808 | 36,959 | 210,074 |
| 1988 | J | 262,993 | 96,702 | 36,347 | 221,480 |
| | F | 273,195 | 101,543 | 37,231 | 212,594 |
| | M | 276,345 | 103,309 | 37,408 | 211,692 |
| | A | 278,308 | 104,141 | 37,414 | 213,268 |
| | M | 279,164 | 105,595 | 37,259 | 213,739 |
| | J | 281,834 | 108,021 | 37,526 | 214,371 |
| | J | 282,809 | 109,558 | 37,671 | 216,907 |
| | A | 285,645 | 111,607 | 37,708 | 218,471 |
| | S | 285,610 | 112,435 | 37,914 | 219,238 |
| | O | 286,101 | 113,994 | 38,169 | 218,616 |
| | N | 287,499 | 116,633 | 38,483 | 219,090 |
| | D | 290,434 | 117,137 | 39,095 | 220,662 |

[1] Mobile home and other non-auto closed end consumer credit, plus revolving credit from savings and loans, credit unions and gasoline companies.

Source: Federal Reserve Statistical Release G-19

Chart 4. CONSUMER INSTALLMENT CREDIT GROWTH INDEX (January 1985 = 1.00)




Data are from Table 6. The index reflects growth in nominal (current) dollars.

* Mobile home and other non-auto closed end consumer credit, plus revolving credit from savings and loans, and gasoline companies.

Table 7a. DISTRIBUTION OF TYPE OF CREDIT HELD BY COMMERCIAL BANKS

| | Auto | Revolving | Mobile Homes | Other |
|---|---|---|---|---|
| 1975 | 40.1% | 14.8% | 10.5% | 34.6% |
| 1976 | 42.3 | 15.3 | 9.3 | 33.1 |
| 1977 | 44.1 | 16.4 | 8.1 | 31.4 |
| 1978 | 44.5 | 17.9 | 7.0 | 30.6 |
| 1979 | 43.7 | 19.4 | 6.9 | 30.0 |
| 1980 | 42.3 | 19.6 | 7.1 | 31.0 |
| 1981 | 39.7 | 21.6 | 7.0 | 31.7 |
| 1982 | 38.7 | 23.6 | 6.4 | 31.2 |
| 1983 | 39.9 | 24.9 | 5.8 | 29.4 |
| 1984 | 40.1 | 27.8 | 4.6 | 27.5 |
| 1985 | 38.5 | 33.1 | 3.4 | 25.0 |
| 1986 | 38.5 | 33.1 | 3.4 | 25.0 |
| 1987 | 38.5 | 35.1 | 3.2 | 23.2 |
| 1988 | 39.5 | 36.6 | 2.8 | 21.1 |

Sources: Federal Reserve Statistical Release G-19

Table 7b. DISTRIBUTION OF TYPE OF CREDIT HELD BY FINANCE COMPANIES

| | Auto | Personal Cash Loans to Individuals | Mobile Homes | Other Consumer Goods[1] |
|---|---|---|---|---|
| 1979 | 37.0% | 46.7% | 5.2% | 11.1% |
| 1980 | 42.3 | 43.1 | 5.2 | 9.4 |
| 1981 | 48.1 | 39.0 | 5.3 | 7.6 |
| 1982 | 49.7 | 37.6 | 5.5 | 7.2 |
| 1983 | 47.9 | 37.9 | 5.4 | 8.8 |
| 1984 | 56.5 | 21.6 | 9.5 | 12.4 |
| 1985 | 62.2 | 18.0 | 8.3 | 11.6 |
| 1986 | 68.7 | 15.8 | 6.5 | 9.0 |
| 1987 | 69.6 | 15.0 | 5.5 | 9.9 |
| 1988 | 66.7 | 16.3 | 5.0 | 12.0 |

[1] Includes general merchandise, apparel, furniture, household appliances, recreational vehicles, motorcycles, auto repair, and home modernization.

Source: Federal Reserve Statistical Release G-20

Table 7c. DISTRIBUTION OF TYPE OF CREDIT HELD BY CREDIT UNIONS

| | Auto | Revolving | Mobile Homes | Other |
|---|---|---|---|---|
| 1975 | 49.6% | 0.0% | 1.1% | 49.3% |
| 1976 | 48.9 | 0.0 | 1.1 | 50.0 |
| 1977 | 47.9 | 0.0 | 1.1 | 51.0 |
| 1978 | 47.8 | 0.0 | 1.1 | 51.1 |
| 1979 | 48.0 | 0.0 | 1.0 | 51.0 |
| 1980 | 47.8 | 0.0 | 0.0 | 52.2 |
| 1981 | 46.2 | 0.0 | 0.0 | 53.8 |
| 1982 | 44.5 | 0.0 | 0.0 | 55.5 |
| 1983 | 42.9 | 0.0 | 0.0 | 57.1 |
| 1984 | 46.5 | 1.5 | 0.0 | 52.0 |
| 1985 | 50.1 | 2.1 | 0.0 | 47.8 |
| 1986 | 50.4 | 4.8 | 0.0 | 44.8 |
| 1987 | 53.6 | 8.2 | 0.0 | 38.2 |
| 1988 | 56.0 | 11.0 | 0.0 | 33.0 |

Source: Federal Reserve Statistical Release G-19

Table 7d. DISTRIBUTION OF TYPE OF CREDIT HELD BY SAVINGS INSTITUTIONS
(includes Savings & Loans and Mutual Savings Banks)

| | Auto | Revolving | Mobile Homes | Other |
|---|---|---|---|---|
| 1975 | 0.0% | 0.0% | 29.9% | 70.1% |
| 1976 | 0.0 | 0.0 | 27.8 | 72.2 |
| 1977 | 0.0 | 0.0 | 25.3 | 74.7 |
| 1978 | 0.0 | 0.0 | 21.1 | 78.9 |
| 1979 | 0.0 | 0.0 | 25.3 | 74.7 |
| 1980 | 0.0 | 0.0 | 19.8 | 80.2 |
| 1981 | 2.5 | 2.1 | 23.2 | 72.2 |
| 1982 | 6.9 | 4.8 | 22.3 | 66.0 |
| 1983 | 14.4 | 7.1 | 18.7 | 59.8 |
| 1984 | 19.3 | 9.6 | 17.3 | 53.8 |
| 1985 | 22.9 | 12.7 | 16.1 | 48.4 |
| 1986 | 25.4 | 14.7 | 16.1 | 43.8 |
| 1987 | 27.0 | 20.8 | 14.2 | 38.0 |
| 1988 | 27.9 | 24.1 | 14.0 | 34.0 |

Source: Federal Reserve Statistical Release G-19

Table 8. TOTAL OUTSTANDING AUTOMOBILE CREDIT BY HOLDER (Millions of Dollars, seasonally adjusted)

| Month | | Total | Com. Bank | Finance Company | Month | | Total | Com. Bank | Finance Company | Month | | Total | Com. Bank | Finance Company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1977 | J | $67,556 | $40,281 | $11,969 | 1981 | J | $111,761 | $60,595 | $30,252 | 1985 | J | $175,873 | $84,644 | $52,767 |
| | F | 68,415 | 40,798 | 12,085 | | F | 112,283 | 60,258 | 30,943 | | F | 178,620 | 85,815 | 53,471 |
| | M | 69,853 | 41,849 | 12,207 | | M | 113,769 | 60,434 | 32,113 | | M | 182,676 | 87,496 | 54,842 |
| | A | 71,096 | 42,735 | 12,302 | | A | 113,964 | 60,209 | 32,409 | | A | 186,368 | 88,567 | 56,513 |
| | M | 72,245 | 43,489 | 12,438 | | M | 114,319 | 60,082 | 32,637 | | M | 189,800 | 89,415 | 58,233 |
| | J | 73,593 | 44,490 | 12,498 | | J | 114,781 | 59,894 | 33,130 | | J | 192,324 | 90,275 | 58,917 |
| | J | 74,797 | 45,296 | 12,716 | | J | 115,295 | 59,697 | 33,651 | | J | 193,498 | 90,703 | 59,577 |
| | A | 76,105 | 46,215 | 12,835 | | A | 116,541 | 59,233 | 35,335 | | A | 196,105 | 90,686 | 61,216 |
| | S | 77,374 | 47,105 | 12,978 | | S | 118,092 | 58,817 | 37,389 | | S | 203,037 | 91,211 | 66,791 |
| | O | 78,428 | 47,884 | 13,068 | | O | 118,301 | 58,369 | 38,160 | | O | 206,245 | 91,567 | 68,976 |
| | N | 79,691 | 48,828 | 13,127 | | N | 118,737 | 58,081 | 39,028 | | N | 207,720 | 92,228 | 68,955 |
| | D | 80,948 | 49,727 | 13,275 | | D | 118,956 | 58,037 | 39,478 | | D | 209,636 | 92,729 | 69,527 |
| 1978 | J | 82,143 | 50,437 | 13,557 | 1982 | J | 119,586 | 58,312 | 39,638 | 1986 | J | 213,182 | 93,461 | 72,221 |
| | F | 83,067 | 50,964 | 13,697 | | F | 120,013 | 58,455 | 39,983 | | F | 216,356 | 94,006 | 74,167 |
| | M | 84,690 | 52,082 | 13,865 | | M | 120,261 | 58,376 | 40,359 | | M | 217,820 | 94,093 | 75,342 |
| | A | 86,251 | 53,044 | 14,131 | | A | 120,821 | 58,319 | 41,052 | | A | 220,466 | 94,560 | 76,887 |
| | M | 88,158 | 54,246 | 14,408 | | M | 121,565 | 58,016 | 42,167 | | M | 223,771 | 95,030 | 79,127 |
| | J | 90,304 | 55,517 | 14,780 | | J | 122,209 | 57,861 | 42,917 | | J | 227,329 | 95,475 | 81,575 |
| | J | 91,846 | 56,612 | 15,075 | | J | 121,450 | 57,662 | 42,365 | | J | 230,641 | 96,204 | 83,726 |
| | A | 93,439 | 57,696 | 15,450 | | A | 121,419 | 57,485 | 42,400 | | A | 233,405 | 97,152 | 85,009 |
| | S | 94,561 | 58,389 | 15,733 | | S | 121,966 | 57,902 | 42,298 | | S | 240,046 | 98,101 | 90,390 |
| | O | 95,867 | 59,114 | 16,096 | | O | 121,639 | 57,836 | 41,989 | | O | 244,271 | 99,236 | 93,057 |
| | N | 97,512 | 60,026 | 16,595 | | N | 123,163 | 57,984 | 43,189 | | N | 244,202 | 100,235 | 91,661 |
| | D | 98,739 | 60,657 | 17,050 | | D | 124,218 | 57,747 | 44,298 | | D | 246,109 | 100,907 | 92,350 |
| 1979 | J | 100,420 | 61,580 | 17,602 | 1983 | J | 125,037 | 57,525 | 45,058 | 1987 | J | 246,995 | 101,427 | 92,423 |
| | F | 101,779 | 62,359 | 18,046 | | F | 125,852 | 57,403 | 45,744 | | F | 248,318 | 102,025 | 92,775 |
| | M | 103,375 | 63,294 | 18,587 | | M | 127,315 | 57,285 | 47,033 | | M | 249,498 | 102,295 | 93,350 |
| | A | 104,796 | 64,134 | 19,066 | | A | 128,194 | 57,246 | 47,523 | | A | 251,211 | 102,896 | 94,019 |
| | M | 106,207 | 65,039 | 19,516 | | M | 129,236 | 57,657 | 47,859 | | M | 251,741 | 103,694 | 93,679 |
| | J | 107,281 | 65,422 | 20,127 | | J | 131,253 | 58,178 | 48,852 | | J | 254,212 | 104,187 | 94,586 |
| | J | 107,929 | 65,745 | 20,410 | | J | 133,014 | 59,402 | 49,129 | | J | 256,585 | 104,859 | 95,132 |
| | A | 108,855 | 66,144 | 20,774 | | A | 136,028 | 61,587 | 49,649 | | A | 259,558 | 105,661 | 96,287 |
| | S | 110,097 | 66,718 | 21,343 | | S | 137,365 | 62,770 | 49,467 | | S | 261,902 | 106,685 | 96,809 |
| | O | 111,001 | 67,195 | 21,671 | | O | 139,115 | 64,272 | 49,385 | | O | 263,823 | 107,414 | 97,261 |
| | N | 111,726 | 67,282 | 22,295 | | N | 141,328 | 65,683 | 49,799 | | N | 264,474 | 107,727 | 96,733 |
| | D | 112,475 | 67,464 | 22,948 | | D | 143,799 | 67,548 | 50,053 | | D | 267,180 | 108,438 | 98,026 |
| 1980 | J | 113,777 | 67,813 | 23,631 | 1984 | J | 146,255 | 69,136 | 50,150 | 1988 | J | 262,993 | 109,692 | 99,066 |
| | F | 114,458 | 67,957 | 24,396 | | F | 149,209 | 70,589 | 50,375 | | F | 273,195 | 11,020 | 100,123 |
| | M | 114,521 | 67,428 | 25,096 | | M | 151,460 | 71,914 | 50,269 | | M | 276,345 | 113,511 | 100,669 |
| | A | 114,038 | 66,236 | 26,064 | | A | 153,204 | 73,155 | 50,100 | | A | 278,308 | 114,625 | 100,564 |
| | M | 112,934 | 65,263 | 26,415 | | M | 156,902 | 75,670 | 50,203 | | M | 279,164 | 115,916 | 99,708 |
| | J | 111,681 | 64,129 | 26,971 | | J | 159,910 | 77,238 | 50,562 | | J | 281,834 | 117,640 | 99,900 |
| | J | 111,009 | 63,192 | 27,390 | | J | 162,096 | 78,887 | 50,635 | | J | 282,809 | 118,051 | 98,896 |
| | A | 111,391 | 62,849 | 27,940 | | A | 165,048 | 80,083 | 51,188 | | A | 285,645 | 120,465 | 98,711 |
| | S | 111,117 | 62,446 | 28,087 | | S | 166,656 | 80,817 | 51,092 | | S | 285,610 | 121,403 | 96,939 |
| | O | 111,619 | 62,241 | 28,713 | | O | 169,043 | 81,780 | 51,395 | | O | 286,101 | 123,124 | 96,400 |
| | N | 111,931 | 61,989 | 29,195 | | N | 171,174 | 82,692 | 51,633 | | N | 287,499 | 124,276 | 95,825 |
| | D | 112,255 | 61,557 | 29,822 | | D | 173,704 | 83,900 | 52,251 | | D | 290,434 | 126,693 | 96,368 |

Note: Auto credit not held by commercial banks and finance companies is held by credit unions and savings and loan.

Source: Federal Reserve Statistical Release G-19

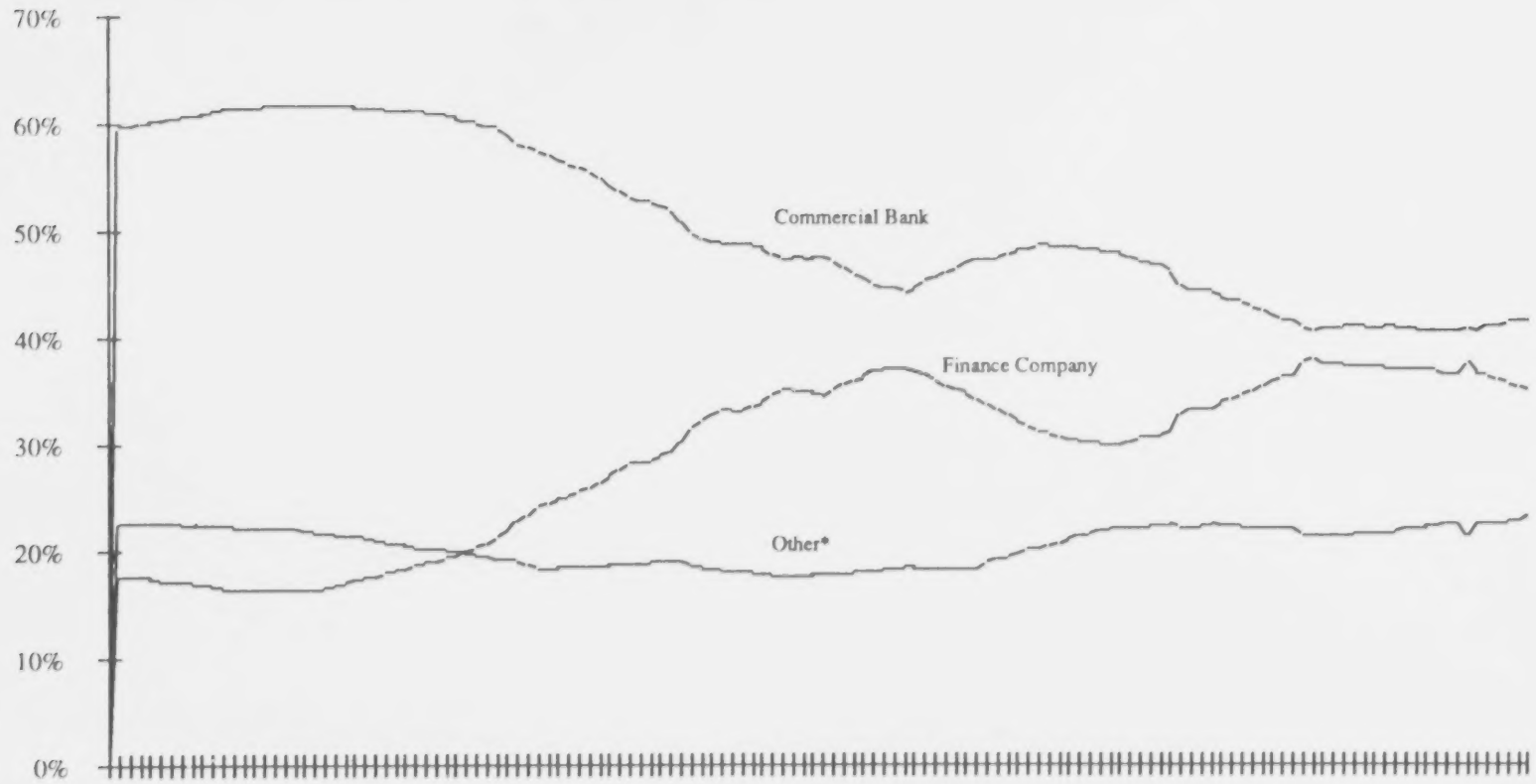
Table 9: PERCENT OF TOTAL OUTSTANDING AUTOMOBILE CREDIT BY HOLDER (Seasonally adjusted)

| Month | | Com. Bank | Finance Company | Other | Month | | Com. Bank | Finance Company | Other | Month | | Com. Bank | Finance Company | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1977 | J | 59.6% | 17.7% | 22.7%[1] | 1981 | J | 54.2% | 27.1% | 18.7% | 1985 | J | 48.1% | 30.0% | 21.9% |
| | F | 59.6 | 17.7 | 22.7 | | F | 53.7 | 27.6 | 18.8 | | F | 48.0 | 29.9 | 22.0 |
| | M | 59.9 | 17.5 | 22.6 | | M | 53.1 | 28.2 | 18.7 | | M | 47.9 | 30.0 | 22.1 |
| | A | 60.1 | 17.3 | 22.6 | | A | 52.8 | 28.4 | 18.7 | | A | 47.5 | 30.3 | 22.2 |
| | M | 60.2 | 17.2 | 22.6 | | M | 52.6 | 28.5 | 18.9 | | M | 47.1 | 30.7 | 22.2 |
| | J | 60.5 | 17.0 | 22.6 | | J | 52.2 | 28.9 | 19.0 | | J | 46.9 | 30.6 | 22.4 |
| | J | 60.6 | 17.0 | 22.4 | | J | 51.8 | 29.2 | 19.0 | | J | 46.9 | 30.8 | 22.3 |
| | A | 60.7 | 16.9 | 22.4 | | A | 50.8 | 30.3 | 18.9 | | A | 46.2 | 31.2 | 22.5 |
| | S | 60.9 | 16.8 | 22.3 | | S | 49.8 | 31.7 | 18.5 | | S | 44.9 | 32.9 | 22.2 |
| | O | 61.1 | 16.7 | 22.3 | | O | 49.3 | 32.3 | 18.4 | | O | 44.4 | 33.4 | 22.2 |
| | N | 61.3 | 16.5 | 22.3 | | N | 48.9 | 32.9 | 18.2 | | N | 44.4 | 33.2 | 22.4 |
| | D | 61.4 | 16.4 | 22.2 | | D | 48.8 | 33.2 | 18.0 | | D | 44.2 | 33.2 | 22.6 |
| 1978 | J | 61.4 | 16.5 | 22.1 | 1982 | J | 48.8 | 33.1 | 18.1 | 1986 | J | 43.8 | 33.9 | 22.3 |
| | F | 61.4 | 16.5 | 22.2 | | F | 48.7 | 33.3 | 18.0 | | F | 43.4 | 34.3 | 22.3 |
| | M | 61.5 | 16.4 | 22.1 | | M | 48.5 | 33.6 | 17.9 | | M | 43.2 | 34.6 | 22.2 |
| | A | 61.5 | 16.4 | 22.1 | | A | 48.3 | 34.0 | 17.8 | | A | 42.9 | 34.9 | 22.2 |
| | M | 61.5 | 16.3 | 22.1 | | M | 47.7 | 34.7 | 17.6 | | M | 42.5 | 35.4 | 22.2 |
| | J | 61.5 | 16.4 | 22.2 | | J | 47.3 | 35.1 | 17.5 | | J | 42.0 | 35.9 | 22.1 |
| | J | 61.6 | 16.4 | 21.9 | | J | 47.5 | 34.9 | 17.6 | | J | 41.7 | 36.3 | 22.0 |
| | A | 61.7 | 16.5 | 21.7 | | A | 47.3 | 34.9 | 17.7 | | A | 41.6 | 36.4 | 22.0 |
| | S | 61.7 | 16.6 | 21.6 | | S | 47.5 | 34.7 | 17.8 | | S | 40.9 | 37.7 | 21.5 |
| | O | 61.7 | 16.8 | 21.5 | | O | 47.5 | 34.5 | 17.9 | | O | 40.6 | 38.1 | 21.3 |
| | N | 61.6 | 17.0 | 21.4 | | N | 47.1 | 35.1 | 17.9 | | N | 41.0 | 37.5 | 21.4 |
| | D | 61.4 | 17.3 | 21.3 | | D | 46.5 | 35.7 | 17.9 | | D | 41.0 | 37.5 | 21.5 |
| 1979 | J | 61.3 | 17.5 | 21.1 | 1983 | J | 46.0 | 36.0 | 18.0 | 1987 | J | 41.1 | 37.4 | 21.5 |
| | F | 61.3 | 17.7 | 21.0 | | F | 45.6 | 36.3 | 18.0 | | F | 41.1 | 37.4 | 21.6 |
| | M | 61.2 | 18.0 | 20.8 | | M | 45.0 | 36.9 | 18.1 | | M | 41.0 | 37.4 | 21.6 |
| | A | 61.2 | 18.2 | 20.6 | | A | 44.7 | 37.1 | 18.3 | | A | 41.0 | 37.4 | 21.6 |
| | M | 61.2 | 18.4 | 20.4 | | M | 44.6 | 37.0 | 18.4 | | M | 41.2 | 37.2 | 21.6 |
| | J | 61.0 | 18.8 | 20.3 | | J | 44.3 | 37.2 | 18.5 | | J | 41.0 | 37.2 | 21.8 |
| | J | 60.9 | 18.9 | 20.2 | | J | 44.7 | 36.9 | 18.4 | | J | 40.9 | 37.1 | 22.1 |
| | A | 60.8 | 19.1 | 20.2 | | A | 45.3 | 36.5 | 18.2 | | A | 40.7 | 37.1 | 22.2 |
| | S | 60.6 | 19.4 | 20.0 | | S | 45.7 | 36.0 | 18.3 | | S | 40.7 | 37.0 | 22.3 |
| | O | 60.5 | 19.5 | 19.9 | | O | 46.2 | 35.5 | 18.3 | | O | 40.7 | 36.9 | 22.4 |
| | N | 60.2 | 20.0 | 19.8 | | N | 46.5 | 35.2 | 18.3 | | N | 40.7 | 36.6 | 22.7 |
| | D | 60.0 | 20.4 | 19.6 | | D | 47.0 | 34.8 | 18.2 | | D | 40.6 | 36.7 | 22.7 |
| 1980 | J | 59.6 | 20.8 | 19.6 | 1984 | J | 47.3 | 34.3 | 18.4 | 1988 | J | 40.9 | 37.7 | 21.4 |
| | F | 59.4 | 21.3 | 19.3 | | F | 47.3 | 33.8 | 18.9 | | F | 40.6 | 36.6 | 22.7 |
| | M | 58.9 | 21.9 | 19.2 | | M | 47.5 | 33.2 | 19.3 | | M | 41.1 | 36.4 | 22.5 |
| | A | 58.1 | 22.9 | 19.1 | | A | 47.8 | 32.7 | 19.5 | | A | 41.2 | 36.1 | 22.7 |
| | M | 57.8 | 23.4 | 18.8 | | M | 48.2 | 32.0 | 19.8 | | M | 41.5 | 35.7 | 22.8 |
| | J | 57.4 | 24.2 | 18.4 | | J | 48.3 | 31.6 | 20.1 | | J | 41.7 | 35.4 | 22.8 |
| | J | 57.0 | 24.6 | 18.4 | | J | 48.7 | 31.2 | 20.1 | | J | 41.7 | 35.0 | 23.3 |
| | A | 56.5 | 25.0 | 18.5 | | A | 48.5 | 31.0 | 20.5 | | A | 42.2 | 34.6 | 23.3 |
| | S | 56.2 | 25.2 | 18.5 | | S | 48.5 | 30.7 | 20.8 | | S | 42.5 | 33.9 | 23.6 |
| | O | 55.9 | 25.6 | 18.6 | | O | 48.4 | 30.4 | 21.2 | | O | 43.0 | 33.7 | 23.3 |
| | N | 55.5 | 25.9 | 18.6 | | N | 48.3 | 30.2 | 21.5 | | N | 43.2 | 33.3 | 23.4 |
| | D | 55.0 | 26.4 | 18.6 | | D | 48.3 | 30.1 | 21.6 | | D | 43.6 | 33.2 | 23.2 |

[1] Includes Credit Unions and Savings Institutions.

Source: Calculated from Federal Reserve Statistical Release G-19

Chart 5. PERCENT OF TOTAL OUTSTANDING AUTOMOBILE CREDIT BY HOLDER (Seasonally Adjusted)




Data are from Table 9.
* Includes Credit Unions and Savings Institutions.

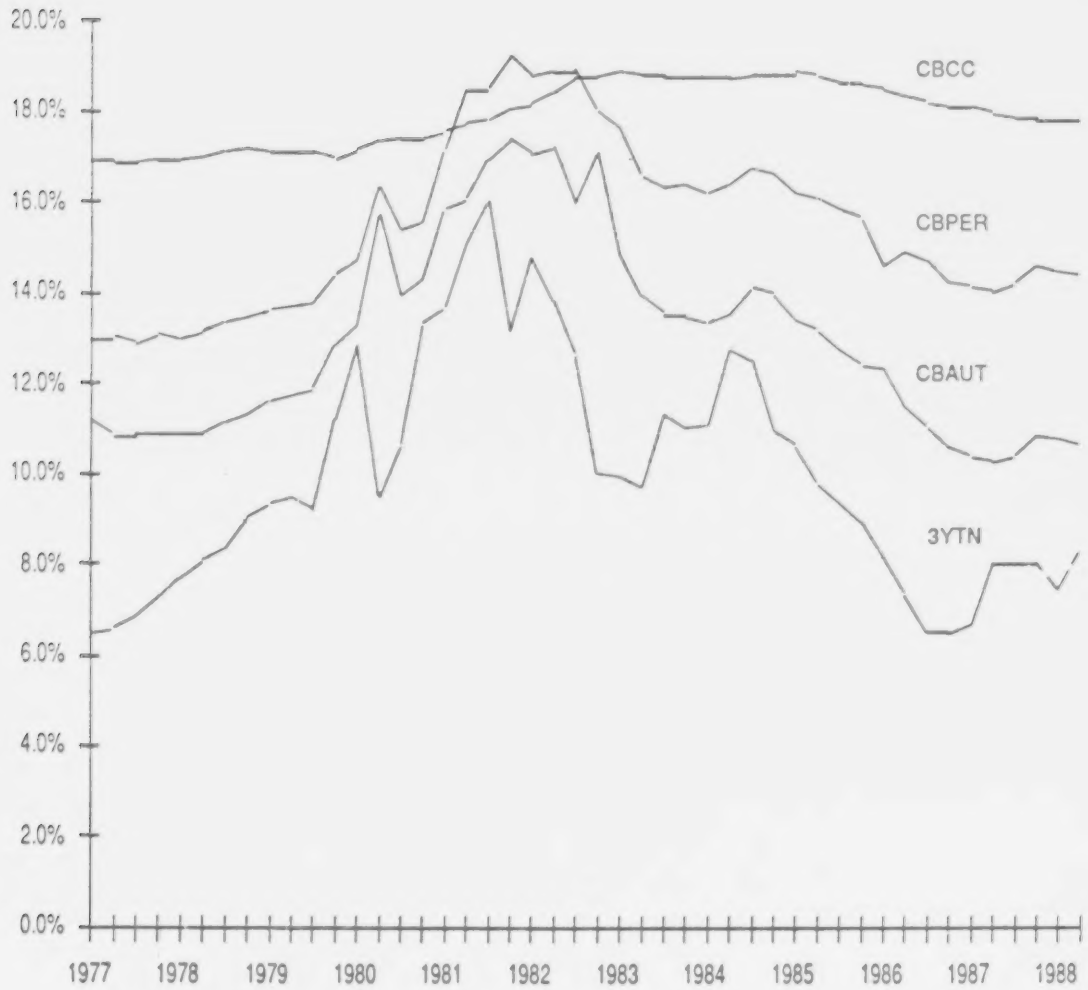
Table 10. CONSUMER CREDIT INTEREST RATES (for midmonth of quarter)

| Year | Qtr | CBAUT | FCAUT | CBPER | CBCC | FHLBB | 1YTN | 3YTN |
|---|---|---|---|---|---|---|---|---|
| 1977 | 1 | 11.14% | 13.16% | 12.95% | 16.89% | 8.99% | 5.47% | 6.44% |
| | 2 | 10.81 | 13.11 | 13.00 | 16.87 | 8.96 | 5.84 | 6.55 |
| | 3 | 10.86 | 13.12 | 12.87 | 16.86 | 9.02 | 6.37 | 6.79 |
| | 4 | 10.86 | 13.17 | 13.06 | 16.92 | 9.07 | 6.95 | 7.22 |
| 1978 | 1 | 10.86 | 13.15 | 12.94 | 16.90 | 9.18 | 7.34 | 7.67 |
| | 2 | 10.84 | 13.11 | 13.11 | 16.97 | 9.37 | 7.82 | 8.07 |
| | 3 | 11.09 | 13.11 | 13.30 | 17.10 | 9.70 | 8.31 | 8.33 |
| | 4 | 11.29 | 13.16 | 13.42 | 17.16 | 9.87 | 10.01 | 9.04 |
| 1979 | 1 | 11.60 | 13.30 | 13.59 | 17.07 | 10.20 | 10.24 | 9.29 |
| | 2 | 11.73 | 13.40 | 13.65 | 17.06 | 10.47 | 10.12 | 9.42 |
| | 3 | 11.88 | 13.39 | 13.76 | 17.09 | 11.01 | 9.98 | 9.14 |
| | 4 | 12.85 | 13.82 | 14.39 | 16.93 | 11.65 | 12.39 | 11.18 |
| 1980 | 1 | 13.28 | 14.12 | 14.69 | 17.13 | 11.93 | 13.92 | 12.84 |
| | 2 | 15.72 | 15.24 | 16.31 | 17.31 | 13.68 | 9.39 | 9.44 |
| | 3 | 13.91 | 14.73 | 15.33 | 17.39 | 12.25 | 10.24 | 10.63 |
| | 4 | 14.29 | 15.25 | 15.54 | 17.41 | 13.04 | 14.15 | 13.31 |
| 1981 | 1 | 15.84 | 15.49 | 17.14 | 17.58 | 13.54 | 14.57 | 13.65 |
| | 2 | 16.04 | 16.07 | 18.48 | 17.71 | 14.10 | 16.20 | 15.08 |
| | 3 | 16.92 | 15.54 | 18.52 | 17.78 | 15.27 | 16.72 | 16.00 |
| | 4 | 17.36 | 16.55 | 19.21 | 18.04 | 16.38 | 12.41 | 13.11 |
| 1982 | 1 | 17.05 | 17.05 | 18.76 | 18.14 | 15.12 | 14.73 | 14.73 |
| | 2 | 17.20 | 17.20 | 18.90 | 18.41 | 15.89 | 13.34 | 13.77 |
| | 3 | 15.97 | 17.08 | 18.93 | 18.73 | 15.68 | 11.43 | 12.62 |
| | 4 | 17.08 | 12.82 | 17.99 | 18.75 | 13.83 | 9.16 | 9.98 |
| 1983 | 1 | 14.81 | 12.05 | 17.59 | 18.89 | 13.16 | 8.92 | 9.91 |
| | 2 | 13.90 | 11.94 | 16.57 | 18.79 | 12.67 | 8.90 | 9.66 |
| | 3 | 13.50 | 12.77 | 16.28 | 18.75 | 12.38 | 10.53 | 11.30 |
| | 4 | 13.46 | 13.50 | 16.39 | 18.75 | 12.34 | 9.94 | 10.96 |
| 1984 | 1 | 13.32 | 14.11 | 16.16 | 18.73 | 12.28 | 10.04 | 11.05 |
| | 2 | 13.52 | 14.17 | 16.35 | 18.71 | 12.18 | 11.66 | 12.75 |
| | 3 | 14.08 | 15.01 | 16.75 | 18.81 | 12.43 | 11.82 | 12.50 |
| | 4 | 13.91 | 15.24 | 16.63 | 18.82 | 12.75 | 9.82 | 10.90 |
| 1985 | 1 | 13.37 | 13.78 | 16.21 | 18.85 | 11.70 | 9.29 | 10.55 |
| | 2 | 13.16 | 11.87 | 16.09 | 18.74 | 12.01 | 8.46 | 9.75 |
| | 3 | 12.72 | 10.87 | 15.84 | 18.62 | 11.24 | 8.04 | 9.31 |
| | 4 | 12.39 | 11.71 | 15.61 | 18.57 | 11.01 | 7.88 | 8.88 |
| 1986 | 1 | 12.29 | 9.70 | 14.57 | 18.48 | 10.68 | 7.61 | 8.10 |
| | 2 | 11.45 | 9.49 | 14.89 | 18.32 | 10.22 | 6.65 | 7.27 |
| | 3 | 11.00 | 9.29 | 14.70 | 18.15 | 10.26 | 5.93 | 6.49 |
| | 4 | 10.58 | 11.83 | 14.19 | 18.09 | 9.91 | 5.80 | 6.46 |
| 1987 | 1 | 10.35 | 10.78 | 14.10 | 18.10 | 9.23 | 5.96 | 6.65 |
| | 2 | 10.24 | 10.69 | 14.00 | 17.93 | 9.37 | 7.00 | 8.02 |
| | 3 | 10.37 | 9.63 | 14.22 | 17.85 | 9.38 | 7.03 | 8.03 |
| | 4 | 10.80 | 12.24 | 14.58 | 17.82 | 9.30 | 6.96 | 7.99 |
| 1988 | 1 | 10.72 | 12.26 | 14.46 | 17.80 | 9.12 | 6.64 | 7.38 |
| | 2 | 10.93 | 12.64 | 14.81 | 17.82 | 8.95 | 7.40 | 8.24 |
| | 3 | 11.22 | 13.20 | 15.06 | 17.80 | 9.06 | 8.17 | 8.77 |
| | 4 | 11.76 | na | 15.22 | 17.83 | 9.43 | 8.48 | 8.72 |

CBAUT - commercial bank 48 month new auto loan (36 months prior to 1983)
FCAUT - auto finance company new auto loan
CBPER - commercial bank 24 month personal loan
CBCC - commercial bank credit card
FHLBB - average effective yield on conventional mortgages on new homes
1YTN - 1 year treasury notes
3YTN - 3 year treasury notes

Sources: Consumer Credit Rates - Federal Reserve Statistical Release G-19 U.S. Treasury Rates and Mortgage Series - Federal Reserve Bulletin

CHART 6. CONSUMER CREDIT INTEREST RATES (for midmonth of quarter)




Data are from Table 10
CBCC commercial bank credit card
CBPER commercial bank 24 mo. personal loan
CBAUT commercial bank new auto loan
3YTN 3 year treasury note

# Section 2: Credit Cards

The rapid growth in revolving credit is arguably the most significant consumer credit trend of the last decade. Revolving balances have increased for all categories of card issuers. However, the growth in bank card balances dominates all other categories and is responsible for the increased importance of credit cards as a form of consumer credit.

The rapid growth in bank card credit outstanding since 1982, relative to other types of consumer credit, is primarily attributable to two factors. Interest rate ceilings were relaxed or removed in many states at the start of the decade. More importantly, the U.S. Supreme Court ruled that national credit card banks could export the allowable interest rate in their charter state to credit card holders residing in any other state nationwide. The decision substantially lowered the cost of nationwide marketing campaigns for credit cards. Coupled with rate deregulation, the Court decision suddenly made bank cards more profitable and led to a rapid expansion of credit card operations by major banks.

The Federal Reserve Board sponsored a series of five national surveys of consumer finances between 1970 to 1986. The surveys document important changes in consumers' use of various types of credit cards. Whereas just over half of American families held any credit card in 1970, 71% of families surveyed in 1986 had a credit card. By far the greatest growth in market penetration came from bank cards, held by only 16% of families in 1970, but by 55% of families in 1986.

Perhaps the most notable change occurred between 1983 and 1986, when the proportion of families holding bank credit cards rose by 28% (from 43% of all families to 55%). The surveys reveal that banks have recently broadened their base of customers to include relatively more risky consumers. Between 1983 and 1986 among families with incomes below $10,000 (1985 constant dollars) the portion that held any credit card rose from 27% to 42%, a much greater increase than shown by any other income group. The penetration of bank cards among families in this income group rose from 12% to 21%.

Over the 1983-86 period, the proportion of families holding store cards rose only 7%. The market penetration of retail cards decreased among families with incomes of $30,000 or more (1985 constant dollars). However, in this period the proportion of families headed by a person with no more than an eighth grade education who had a store card rose from 31% to 59%. A possible reason for this rather notable expansion of cardholdings may be the growth of private-label credit cards.

There appears to have been some decrease in the tendency of cardholders to pay their accounts in full. On the one hand, almost half of families using bank or retail cards said that they "nearly always pay in full" in 1977, 1983 and 1986. On the other hand, those reporting that they "sometimes pay in full" dropped from 28% of the families using these cards in 1977 to 23% in 1986. There has been a corresponding increase in the proportion of families responding that they "hardly ever pay in full." The greatest increases in this category from 1977 to 1986 have been among families with incomes less than $10,000 (1985 constant dollars), up from 19% to 41%; those aged 65 or more, up from 8% to 22%; and those with no more than an eighth grade education, up from 24% to 60%.

In spite of the increased number of cards held per family, the average amounts charged (in constant 1986 dollars) declined from 1977 to 1986. Consumers having any credit cards were asked how much they had charged in the month preceding the survey. Among revolvers, the average amount of monthly charges dropped from $291 to $267; among non-revolvers or convenience users, average charges dropped from $424 to $366. In both years, convenience users charged more than did revolvers, a difference probably explained by the generally higher levels of income and education of non-revolvers.

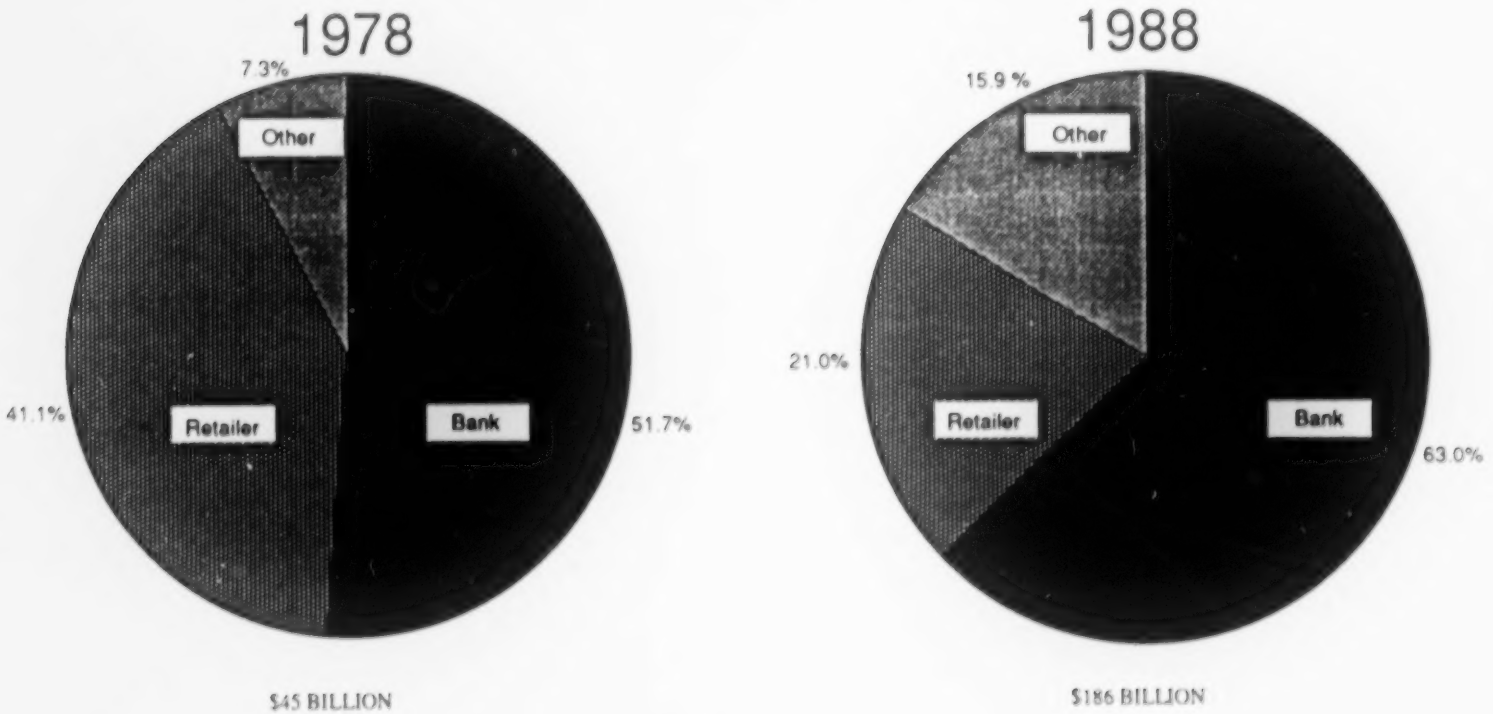
Finally, the surveys reveal that credit card debt has become a significantly more important part of consumers' installment credit liabilities. Between 1983 and 1986, the share of monthly payments on installment credit obligations attributable to credit cards grew from 16.9% to 25.3%, a growth of about 50%.

Table 11. DISTRIBUTION OF REVOLVING CREDIT (Seasonally adjusted December totals, millions of current dollars)

| Year | Total | Bank | Retailer | Other |
|---|---|---|---|---|
| 1977 | $36,427 | $ 17,492 | $15,972 | $ 2,963 |
| 1978 | 45,004 | 23,246 | 18,476 | 3,282 |
| 1979 | 53,174 | 28,580 | 20,789 | 3,805 |
| 1980 | 54,894 | 28,507 | 21,833 | 4,554 |
| 1981 | 60,838 | 31,506 | 24,505 | 4,827 |
| 1982 | 66,243 | 35,159 | 26,039 | 5,045 |
| 1983 | 78,667 | 42,196 | 30,552 | 5,919 |
| 1984 | 100,212 | 58,145 | 33,207 | 8,860 |
| 1985 | 122,013 | 75,607 | 34,273 | 12,133 |
| 1986 | 136,381 | 86,757 | 34,320 | 15,304 |
| 1987 | 159,307 | 98,808 | 36,959 | 23,540 |
| 1988 | 185,870 | 117,137 | 39,095 | 29,638 |

Source: Federal Reserve Statistical Release G.19

Chart 7. DISTRIBUTION OF REVOLVING CREDIT, 1978, 1988 (Seasonally adjusted, current dollars)




Data are from Table 11.

Table 12. TOP 25 BANKS IN BANK CARD OUTSTANDINGS[1]

| Rank | Bank | State | Outstandings[2] |
|---|---|---|---|
| 1 | Citibank South Dakota NA | SD | $11,564,760 |
| 2 | Chase Manhattan Bank USA NA | DE | 5,907,687 |
| 3 | Bank of America NT&SA | CA | 4,122,000 |
| 4 | Citibank Nevada NA | NV | 3,191,800 |
| 5 | Greenwood Trust Company | DE | 3,135,774 |
| 6 | Wells Fargo Bank NA | CA | 2,670,350 |
| 7 | Manufacturers Hanover Trust Company | NY | 2,611,000 |
| 8 | FCC National Bank | DE | 2,311,520 |
| 9 | Bank of New York - Delaware | DE | 2,041,747 |
| 10 | Maryland Bank NA | DE | 1,829,360 |
| 11 | First National Bank of Chicago | IL | 1,724,056 |
| 12 | American Express Centrion Bank | DE | 1,647,475 |
| 13 | Citibank NA | NY | 1,537,000 |
| 14 | Chemical Bank | NY | 1,472,000 |
| 15 | Security Pacific National Bank | CA | 1,158,182 |
| 16 | Signet Bank - Virginia | VA | 1,099,045 |
| 17 | Lomas Bank USA | DE | 1,087,210 |
| 18 | Seattle-First National Bank | WA | 998,979 |
| 19 | First Interstate Bank CA | CA | 996,946 |
| 20 | Corestates Bank of Delaware NA | DE | 995,566 |
| 21 | Citibank Maryland NA | MD | 966,260 |
| 22 | Valley National Bank Household Bank | CA | 936,497 |
| 23 | Michigan National Bank - Farmington | MI | 906,558 |
| 24 | First National Bank of Atlanta | GA | 854,207 |
| 25 | First Deposit National Bank | NH | 853,630 |

[1] Loans to individuals for household/family/personal expenditures; includes prearranged overdraft plans.
[2] Thousands of dollars as of December 31, 1987.

Source: "Report of Condition and Income," compiled and published in Bank Card Credit Report, 1988 by the American Bankers Association, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.

Table 13. MAJOR RETAIL CREDIT CARDS IN THE U.S., 1988 (Number of accounts and cards and dollar amounts are in thousands)

| Big Three | Active Accounts | Total Accounts | Total Cards | Charge Volume | Outstandings |
|---|---|---|---|---|---|
| Sears, Roebuck & Co. | 27,300 | 44,000 | 66,000 | $14,200,000 | $14,060,000 |
| JC Penney Co., Inc. | 18,200 | 29,000 | 36,000 | 7,300,000 | 4,200,000 |
| Montgomery Ward & Co.[1] | 9,000 | 25,000 | 40,000 | 3,700,000 | 3,500,000 |
| Totals | 54,500 | 98,500 | 143,000 | 25,200,000 | 21,410,000 |
| Chains | | | | | |
| Federated Allied Stores | 9,770 | 18,276 | 28,708 | $3,969,000 | $1,451,000 |
| May Department Stores | 8,962 | 17,701 | 26,026 | 4,117,000 | 1,561,000 |
| R.H. Macy's, Inc. | 6,850 | 11,485 | 20,784 | 2,887,000 | 1,134,000 |
| Dayton Hudson Corp. | 5,612 | 11,187 | 15,980 | 2,405,000 | 761,000 |
| Carter Hawley Hale | 5,240 | 10,044 | 13,860 | 2,264,000 | 644,000 |
| Batus Retail Group | 3,630 | 5,688 | 7,946 | 1,454,000 | 522,000 |
| Limited Credit Services | 2,680 | 5,572 | 7,688 | 769,000 | 473,000 |
| Mercantile Stores[2] | 1,175 | 2,157 | 3,223 | 615,000 | 230,000 |
| HartMarx Specialty, Inc. | 999 | 1,899 | 3,167 | 234,000 | 59,000 |
| L.J. Hooker Retail | 961 | 2,181 | 2,994 | 494,000 | 198,000 |
| Amcena Group | 637 | 1,233 | 1,849 | 201,000 | 89,000 |
| S. Grumbacher | 108 | 275 | 275 | 52,000 | 15,000 |
| Totals | 46,624 | 87,698 | 132,500 | 19,461,000 | 7,137,000 |

[1] Issued by G. E. Capital Corp., Stamford, CT.

[2] Issued by Citicorp Retail Services, New York, NY.

Source: The Nilson Report, Issue 439 (November 1988). Reprinted with permission of Spencer Nilson, Post Office Box 49936, Los Angeles, CA 90049.

Table 14 TOP 25 OIL COMPANY CARDS IN THE U.S., 1988 (Number of accounts and dollar amounts in thousands)

| Rank | Proprietary Card Issuer | Active Accounts | Total Accounts | Cards | Volume |
|---|---|---|---|---|---|
| 1 | Shell [1] | 5,100 | 8,400 | 15,300 | $3,250,000 |
| 2 | Chevron | 3,600 | 6,400 | 11,500 | 2,600,000 |
| 3 | Mobil [1] | 3,600 | 8,800 | 14,000 | 2,100,000 |
| 4 | Amoco [1] | 3,450 | 7,800 | 16,000 | 2,418,000 |
| 5 | Exxon[1] | 3,200 | 6,700 | 12,100 | 2,450,000 |
| 6 | Texaco[1] | 3,150 | 7,700 | 13,300 | 2,200,000 |
| 7 | Unocal | 2,100 | 4,400 | 7,000 | 1,850,000 |
| 8 | Sohio | 2,000 | 3,100 | 5,000 | 1,200,000 |
| 9 | Phillips | 1,100 | 2,600 | 4,500 | 900,000 |
| 10 | Sunoco[1] | 950 | 2,600 | 4,700 | 750,000 |
| 11 | Citgo | 750 | 2,600 | 3,650 | 295,000 |
| 12 | Gulf | 478 | 1,800 | 3,325 | 280,000 |
| 13 | Conoco | 353 | 1,023 | 1,800 | 305,000 |
| 14 | Diamond1 | 352 | 720 | 1,250 | 290,000 |
| 15 | Marathon | 300 | 750 | 1,100 | 223,000 |
| 16 | Total | 180 | 450 | 945 | 155,000 |
| 17 | Fina | 161 | 401 | 722 | 106,000 |
| 18 | Ashland | 120 | 220 | 330 | 100,000 |
| 19 | Kerr/McGee | 114 | 270 | 565 | 56,000 |
| 20 | Sinclair | 84 | 210 | 357 | 59,000 |
| 21 | Crown | 77 | 156 | 175 | 42,000 |
| 22 | Beacon | 67 | 180 | 242 | 45,000 |
| 23 | Coastal | 60 | 100 | 200 | 35,000 |
| 24 | Tenneco | 40 | 53 | 113 | 27,000 |
| 25 | Cenex | 30 | 77 | 195 | 21,000 |
| | Total for Top 40 Firms | 31,478 | 67,619 | 118,599 | 21,861,000 |

[1] Includes annual-fee cards. Active accounts equal the number of statements mailed monthly.

Source: The Nilson Report, Issue 433 (January 1989). Reprinted with permission.

Table 15. TOP 25 PRIVATE-LABEL CARD ISSUERS IN THE U.S., 1988 (Number of accounts and dollar amounts are in thousands)

| | Processor | Location | Active Accounts | Total Accounts | Total Cards | Charge Volume | Out-standings |
|---|---|---|---|---|---|---|---|
| 1 | GE Capital Corp | Stamford, CT | 14,000 | 34,000 | 49,000 | $7,600,000 | $7,100,000 |
| 2 | Citicorp Retail Services | New York, NY | 3,330 | 5,220 | 7,740 | 1,363,500 | 1,143,000 |
| 3 | First Data Resources | Omaha, NE | 1,879 | 6,480 | 10,420 | 992,000 | 744,000 |
| 4 | Sears Payment Systems | Riverwoods, IL | 1,300 | 1,800 | 3,100 | 640,000 | 590,000 |
| 5 | Franklinton Financial | Columbus, OH | 1,100 | 2,800 | 4,500 | 304,000 | 230,000 |
| 6 | JC Penney Credit Systems | Plano, TX | 899 | 3,100 | 5,600 | 36,000 | 27,000 |
| 7 | Household Retail Services | Schaumberg, IL | 750 | 2,000 | 2,500 | 750,000 | 750,000 |
| 8 | Total System Services | Columbus, OH | 597 | 2,057 | 3,281 | 984,000 | 738,000 |
| 9 | Western Auto Supply | Kansas City, MO | 570 | 730 | 1,100 | 150,000 | 175,000 |
| 10 | Barclays Bank | Wilmington, DE | 545 | 755 | 906 | 288,000 | 372,000 |
| 11 | Ameritrust | Cleveland, OH | 435 | 1,500 | 1,650 | 180,000 | 135,000 |
| 12 | WCI Financial | Mt. Prospect, IL | 352 | 1,100 | 1,100 | 345,000 | 305,000 |
| 13 | R.E.A.P. Inc. | Woburn, MA | 348 | 1,200 | 1,300 | 113,000 | 85,000 |
| 14 | NBD Delaware | Wilmington, DE | 324 | 991 | 991 | 180,000 | 130,000 |
| 15 | Bencharge R.F.S. | Peapack, NJ | 291 | 396 | 594 | 228,000 | 19,000 |
| 16 | Computer Comm. of America | Troy, MI | 271 | 933 | 1,537 | 162,000 | 122,000 |
| 17 | Bank One Dayton | Dayton, OH | 251 | 496 | 545 | 120,000 | 155,000 |
| 18 | Credit Systems Inc. | St. Louis, MO | 220 | 400 | 560 | 350,000 | 245,000 |
| 19 | Gerneral Computer Corp. | San Juan, PR | 208 | 720 | 900 | 55,000 | 150,000 |
| 20 | Shoppers Charge | Jersey City, NJ | 200 | 500 | 515 | 100,000 | 48,000 |
| 21 | Rocky Mountain BnkCrd. | Denver, CO | 121 | 121 | 193 | 4,000 | 1,000 |
| 22 | BancSystems Inc. | Cleveland, OH | 94 | 320 | 362 | 544,000 | 380,800 |
| 23 | Comp-U-Check | Southfield, MI | 64 | 102 | 142 | 8,000 | 12,000 |
| 24 | First National Cincinnati | Cincinnati, OH | 52 | 115 | 150 | 25,000 | 16,000 |
| 25 | Atlantic Bankcard | Raleigh, NC | 44 | 150 | 240 | 103,000 | 77,250 |
| | Total for the Top 55 Firms | | 28,720 | 69,237 | 100,723 | 15,936,057 | 13,965,219 |

Notes: Third-party cardholder processors and bank owners of retail-card receivables are listed when the merchant cannot be identified.

Figures of processors and banks contain no duplication.

Private label cards are typically issued and underwritten by banks or finance companies, but the card itself carries the name of the retailer on whose behalf the card is issued. The card issuer is responsible for making the credit decisions, collecting the balances and financing the receivables. The Federal Reserve classifies the outstandings by the holder of the receivables; that is, as bank credit or finance company credit.

Source: The Nilson Report, Issue 441 (December 1988). Reprinted with permission.

Table 16. DOMESTIC BANK CARD DATA FOR VISA AND MASTERCARD, YEARS END 1986-87

| Transaction Items | VISA Year-End 1986 | VISA Year-End 1987 | MASTERCARD Year-End 1986 | MASTERCARD Year-End 1987 |
|---|---|---|---|---|
| Merchant outlets (mill) | 2.36 | 2.40 | 2.54 | 2.66 |
| Cardholders (mill) | 99.11 | 107.50 | 74.30 | 80.99 |
| Total accounts (mill) | 68.40 | 75.00 | 48.20 | 52.92 |
| Active accounts (mill) | - | - | 35.20 | 38.26 |
| Gross dollar volume (mill) | $84,566 | $97,800 | $56,778 | $67,433 |
| Retail sales volume (mill) | $72,532 | $83,500 | $49,987 | $58,819 |
| No. of sales slips processed (mill) | 1,389 | 1,422 | 903 | 982 |
| Average sales | $55 | $59 | $55 | $60 |
| Cash advance volume (mill) | $12,034 | $14,300 | $6,791 | $8,614 |
| No. of cash advances (mill) | 72.44 | 81.3 | 25.21 | 27.96 |
| Average cash advance | $166 | $176 | $269 | $308 |
| Outstandings (mill) | $46,584 | $54,200 | $34,094 | $41,258 |
| Average outstanding balance | $1,025 | $1,105 | $955 | $1,083 |
| Percent of accounts with outstanding balances | 72.3% | 72.0 | 73.5 | 72.2 |
| Delinquencies[1] | | | | |
| 30-59 days | 2.02% | 1.89% | 1.6% | 1.4% |
| 60-89 days | 0.86% | 0.81% | 0.9% | 0.9% |
| 90-120 days | 0.61% | 0.55% | 1.5% | 1.4% |
| 120 days & more | 0.85% | 0.74% | 4.0% | 3.7% |
| Total delinquencies | 4.34% | 3.99% | | |
| Net charge-offs[2] | 1.98% | 1.95% | 1.96% | 1.88% |

[1] Percent of outstandings.

[2] Percent of gross dollar volume.

Source: Visa U.S.A. Inc., San Francisco, CA and MasterCard International, New York, NY (in both cases, all members, credit and debit cards). Compiled and published in American Bankers Association, Bank Card Credit Report, 1988.

Table 17. ACCEPTANCE RATE ON APPLICATIONS RECEIVED AND INVITATIONS SENT OUT FOR VISA AND MASTERCARD, 1987

| | Bank Assets in Millions of Dollars | | |
|---|---|---|---|
| | Under 300 | 300-1,000 | 1,000 & Over |
| Visa: | | | |
| Number of applications received per bank | 400 | 11,632 | 14,252 |
| Percentage approved for accounts | 71% | 63% | 43% |
| Number of invitations sent out per bank | 3,600 | 11,641 | 394,034 |
| Percentage received as applications | 1.8% | 2.0% | 1.6% |
| Percentage approved for accounts | 51% | 56% | 57% |
| MasterCard: | | | |
| Number of applications received per bank | 294 | 9,734 | 19,704 |
| Percentage approved for accounts | 69% | 63% | 33% |
| Number of invitations sent out per bank | 3,125 | 7,927 | 108,256 |
| Percentage received as applications | 2.0% | 1.8% | 2.0% |
| Percentage approved for accounts | 34% | 56% | 64% |

Source: Visa U.S.A. Inc., San Francisco, CA and MasterCard International, New York, NY. Compiled and published in American Bankers Association, Bank Card Credit Report, 1988.

Table 18. USAGE PATTERNS AND COSTS OF BANK CREDIT CARDS, 1987-1988[1]

| | Bank Assets in Millions of Dollars | | |
|---|---|---|---|
| | Under 300 | 300-1,000 | 1,000 & Over |
| Average outstanding balance per account | | | |
| Regular card | $547 | $683 | $774 |
| Premium card | $1,324 | $1,637 | $2,468 |
| Average sales per transaction | | | |
| Regular card | $55 | $55 | $55 |
| Premium card | $85 | $92 | $102 |
| Average cash advance | | | |
| Regular card | $258 | $243 | $217 |
| Premium card | $730 | $611 | $581 |
| Average interest rate charged | | | |
| Visa | | | |
| Fixed rate | 17.25% | 17.23% | 18.55% |
| Variable rate | 16.28% | 16.54% | 16.47% |
| MasterCard | | | |
| Fixed rate | 16.45% | 16.50% | 17.37% |
| Variable rate | 15.84% | 15.65% | 16.00% |
| Average annual fee | | | |
| Regular cards | | | |
| Visa | $15.76 | $17.25 | $18.17 |
| MasterCard | $15.59 | $16.69 | $17.67 |
| Premium cards | | | |
| Visa | $40.25 | $40.42 | $41.50 |
| MasterCard | $35.00 | $35.00 | $35.75 |
| Percentage of cardhoders paying in full in given month[2] | | | |
| Regular cards | | | |
| Visa | 40% | 42% | 38% |
| MasterCard | 36% | 40% | 39% |
| Premium cards | | | |
| Visa | 47% | 50% | 48% |
| MasterCard | 50% | 45% | 48% |

[1] Data are derived from a national survey of commercial banks conducted by the American Bankers Association from June through September 1988. The information tabulated covers the calendar year 1987, year-end 1987, or the first quarter of 1988. Questionnaires were returned by 460 respondents, a 31.9 percent response rate.

[2] The figure of 40 percent, for example, does not indicate that 40 percent of accounts are paid in full every month throughout the year. Instead, on average, in any given month 40 percent of the accounts were paid in full.

Source: American Bankers Association, Bank Card Credit Report, 1988.

Table 19. DISTRIBUTION OF FAMILIES WITH SELECTED CHARACTERISTICS BY TYPE OF CONSUMER INSTALLMENT DEBT, 1986

| Family Characteristics | No Debt | Credit Card Only | Closed-End Only | Both Credit Card and Closed-End | Total | Share of Debt Payments Attributed to Credit Card Debt |
|---|---|---|---|---|---|---|
| Family Income | | | | | | |
| Less than $10,000 | 66.8% | 16.5% | 14.0% | 2.8% | 100% | 19.0%[1] |
| $10,000-19,999 | 48.3 | 24.3 | 13.1 | 14.3 | 100 | 27.6 |
| $20,000-34,999 | 30.5 | 30.9 | 17.7 | 20.9 | 100 | 25.2 |
| $35,000-49,999 | 23.1 | 30.9 | 13.4 | 32.6 | 100 | 27.8 |
| $50,000 or more | 35.0 | 22.9 | 15.8 | 26.4 | 100 | 23.3 |
| Age of Head | | | | | | |
| 25-34 years | 31.1 | 26.3 | 20.5 | 22.1 | 100 | 26.9 |
| 35-44 | 22.8 | 28.3 | 16.6 | 32.3 | 100 | 26.0 |
| 45-54 | 29.9 | 29.3 | 17.5 | 23.2 | 100 | 20.9 |
| 55-64 | 46.5 | 28.1 | 13.1 | 12.3 | 100 | 26.7 |
| 65 or more | 74.6 | 16.4 | 6.8 | 2.2 | 100 | 28.2 |
| All Families with Head 25 Years of Age or More | | | | | | |
| 1983 | 43.1 | 15.9 | 19.0 | 22.0 | 100 | 16.9 |
| 1986 | 41.5 | 25.2 | 14.9 | 18.4 | 100 | 25.3 |

[1] The estimates of consumer debt payments include scheduled payments on installment loans plus 5 percent of the reported unpaid credit card balance, which is a typical minimum monthly payment required under credit card plans.

Source: Reproduced by permission from Glenn B. Canner, "Changes in Consumer Holding and Use of Credit Cards, 1970-86," Journal of Retail Banking 10 (Summer 1988), pp.13-24.

TABLE 20. HOLDING OF SELECTED TYPES OF CREDIT CARDS IN SELECTED YEARS (Percentage distribution within selected groups)

| Family Characteristics | Any Credit Card | | | | | Bank Cards | | | | | Store Cards[2] | | | | | Gasoline Cards | | | | | Other Cards[3] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1970[1] | 1977 | 1983 | 1984 | 1986 | 1970 | 1977 | 1983 | 1984 | 1986 | 1970 | 1977 | 1983 | 1984 | 1986 | 1970 | 1977 | 1983 | 1984 | 1986 | 1970 | 1977 | 1983 | 1984 | 1986[4] |
| Family Income[5] | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less than $10,000 | 17% | 28% | 27% | 29% | 42% | 2% | 11% | 12% | 11% | 21% | 11% | 23% | 23% | 25% | 34% | 9% | 11% | 7% | 10% | 13% | 2% | 1% | 2% | 1% | - |
| $10,000-19,999 | 35 | 52 | 55 | 65 | 59 | 8 | 25 | 30 | 39 | 37 | 19 | 43 | 47 | 55 | 52 | 21 | 22 | 19 | 24 | 24 | 4 | 3 | 5 | 6 | 3 |
| $20,000-29,999 | 55 | 70 | 76 | 76 | 80 | 15 | 39 | 44 | 52 | 58 | 38 | 60 | 67 | 68 | 72 | 34 | 35 | 27 | 30 | 33 | 9 | 4 | 12 | 11 | 10 |
| $30,000-49,999 | 70 | 81 | 87 | 87 | 83 | 24 | 55 | 65 | 70 | 70 | 53 | 73 | 79 | 79 | 72 | 49 | 48 | 42 | 41 | 44 | 10 | 13 | 18 | 16 | 18 |
| $50,000 or more | 82 | 91 | 96 | 97 | 97 | 39 | 75 | 81 | 86 | 94 | 61 | 82 | 87 | 86 | 85 | 67 | 68 | 61 | 62 | 61 | 30 | 31 | 44 | 41 | 41 |
| Age of Head | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less than 25 yrs. | 42 | 40 | 41 | 54 | 57 | 12 | 18 | 20 | 32 | 42 | 25 | 32 | 36 | 47 | 53 | 23 | 12 | 11 | 18 | 23 | 5 | 2 | 9 | 10 | 8 |
| 25-34 | 61 | 67 | 63 | 74 | 73 | 20 | 43 | 39 | 50 | 54 | 41 | 59 | 56 | 67 | 67 | 41 | 33 | 21 | 28 | 27 | 10 | 8 | 14 | 11 | 15 |
| 35-44 | 57 | 76 | 74 | 78 | 73 | 23 | 52 | 54 | 58 | 55 | 42 | 68 | 66 | 71 | 63 | 39 | 44 | 33 | 35 | 34 | 11 | 13 | 19 | 18 | 11 |
| 45-54 | 59 | 71 | 73 | 75 | 79 | 19 | 43 | 50 | 61 | 69 | 43 | 60 | 66 | 64 | 66 | 39 | 42 | 34 | 42 | 43 | 12 | 14 | 16 | 17 | 22 |
| 55-64 | 46 | 64 | 75 | 73 | 73 | 12 | 42 | 53 | 55 | 55 | 33 | 57 | 65 | 63 | 61 | 34 | 39 | 40 | 38 | 48 | 10 | 7 | 17 | 16 | 15 |
| 65 or more | 31 | 47 | 56 | 57 | 68 | 5 | 22 | 33 | 37 | 51 | 21 | 39 | 49 | 50 | 57 | 20 | 25 | 26 | 27 | 30 | 5 | 4 | 6 | 7 | 9 |
| Education of Head | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0-8 grades | 25 | 35 | 35 | 39 | 59 | 5 | 16 | 16 | 19 | 21 | 15 | 28 | 31 | 33 | 59 | 14 | 14 | 9 | 14 | 13 | 3 | 2 | 2 | 2 | - |
| 9-11 grades | 40 | 47 | 49 | 47 | 48 | 10 | 24 | 28 | 28 | 41 | 28 | 41 | 41 | 39 | 30 | 23 | 20 | 18 | 18 | 17 | 4 | 3 | 4 | 7 | 4 |
| High school diploma | 54 | 66 | 65 | 65 | 61 | 17 | 36 | 39 | 41 | 42 | 36 | 58 | 59 | 58 | 52 | 35 | 32 | 23 | 26 | 27 | 9 | 5 | 8 | 6 | 9 |
| Some college | 61 | 72 | 73 | 79 | 80 | 20 | 46 | 50 | 57 | 63 | 44 | 63 | 65 | 70 | 74 | 41 | 40 | 32 | 33 | 35 | 12 | 13 | 17 | 12 | 14 |
| College degree | 82 | 89 | 90 | 92 | 89 | 34 | 71 | 71 | 78 | 79 | 63 | 78 | 81 | 80 | 78 | 68 | 65 | 55 | 53 | 56 | 22 | 22 | 35 | 31 | 24 |
| Race or National Origin of Head | | | | | | | | | | | | | | | | | | | | | | | | | |
| Caucasian | 53 | 65 | 71 | 75 | 73 | 17 | 40 | 47 | 55 | 58 | 37 | 56 | 62 | 66 | 64 | 37 | 36 | 33 | 36 | 37 | 9 | 9 | 14 | 15 | 13 |
| Nonwhite or Hispanic | 33 | 47 | 43 | 50 | 61 | 12 | 29 | 26 | 33 | 36 | 22 | 42 | 38 | 45 | 53 | 15 | 20 | 12 | 17 | 19 | 9 | 7 | 11 | 7 | 11 |
| All Families | 51 | 63 | 66 | 71 | 71 | 16 | 38 | 43 | 51 | 55 | 35 | 54 | 58 | 62 | 62 | 34 | 34 | 29 | 32 | 34 | 9 | 8 | 14 | 14 | 13 |

[1] 1970 figures are based on card use, somewhat understating card holding in 1970.

[2] Includes local store cards as well as national chain retail cards, such as Sears, JC Penney, and Montgomery Ward.

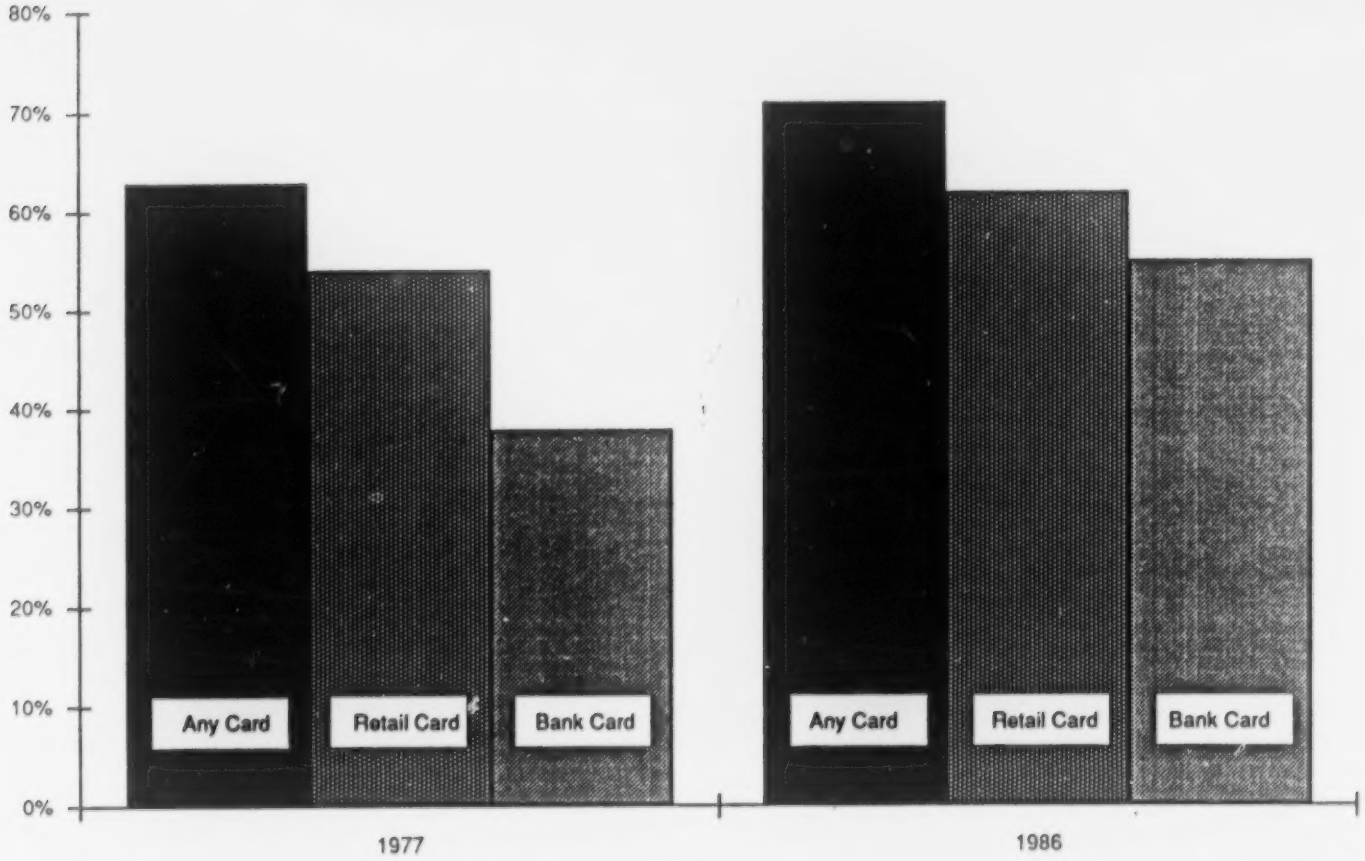
[3] Includes travel and entertainment cards, such as American Express and Carte Blanche, as well as other cards, such as car rental and airline cards.

[4] A dash appears where the percentage was less than .05%.

[5] Income is in constant 1985 dollars. For each survey year, income is for the preceding calendar year.

Source: Reproduced by permission from Glenn B. Canner, "Changes in Consumer Holding and Use of Credit Cards, 1970-86," Journal of Retail Banking 10 (Summer 1988), pp.13-24. Original data sources: George Katotna and others, *1970 Survey of Consumer Finances*, Survey Research Center, University of Michigan; Thomas A. Durkin and Gregory E. Elliehausen, *1977 Consumer Credit Survey*, Board of Governors of the Federal Reserve System; Robert B. Avery and Others, *1983 Survey of Consumer Finances*, Board of Governors of the Federal Reserve System; Avery and others, *Survey of Currency and Transaction Account Usage*, Board of Governors of the Federal Reserve System, May 1984; *Survey of Consumer Attitudes*, Board of Governors of the Federal Reserve System, June 1986; and Avery and others, *1986 Survey of Consumer Finances*, Board of Governors of the Federal Reserve System.

Chart 8. CREDIT CARD HOLDINGS (Percent of all families with cards)




Data are from Table 20.

Table 21. NUMBER OF CREDIT CARD ACCOUNTS BY TYPE OF CREDIT CARD, SELECTED YEARS
(Percentage of families holding cards)

| Type of Credit Card | | Have Card | One Account | Two Accounts | Three Accounts | Four[1] Accounts | Five Accounts | More Than Five Accounts |
|---|---|---|---|---|---|---|---|---|
| Any | | | | | | | | |
| | 1970 | 51% | 22% | 17% | 14% | 11% | 10% | 28% |
| | 1977 | 64 | 19 | 13 | 11 | 10 | 8 | 37 |
| | 1983 | 66 | 16 | 16 | 12 | 12 | 9 | 36 |
| | 1984 | 71 | 12 | 16 | 14 | 11 | 9 | 39 |
| | 1986 | 71 | 13 | 13 | 13 | 9 | 12 | 41 |
| Bank | | | | | | | | |
| | 1970 | 16 | 77 | 21 | 2 | - | - | - |
| | 1977 | 41 | 53 | 38 | 5 | 2 | - | - |
| | 1983 | 43 | 61 | 32 | 5 | 1 | 1 | 1 |
| | 1984 | 51 | 57 | 31 | 7 | 3 | 1 | 2 |
| | 1986 | 55 | 58 | 28 | 7 | 4 | 1 | 3 |
| Store | | | | | | | | |
| | 1970 | 35 | 35 | 23 | 15 | 10 | 5 | 12 |
| | 1977 | na | na | na | na | na | na | na |
| | 1983 | 58 | 27 | 22 | 17 | 12 | 9 | 13 |
| | 1984 | 62 | 22 | 24 | 21 | 11 | 9 | 13 |
| | 1986 | 62 | 20 | 23 | 21 | 14 | 9 | 13 |
| Gasoline | | | | | | | | |
| | 1970 | 34 | 40 | 25 | 16 | 8 | 5 | 6 |
| | 1977 | 35 | 40 | 23 | 16 | 8 | 4 | 5 |
| | 1983 | 29 | 42 | 25 | 16 | 9 | 5 | 4 |
| | 1984 | 32 | 44 | 25 | 16 | 7 | 5 | 4 |
| | 1986 | 34 | 40 | 26 | 16 | 9 | 5 | 4 |
| Other[2] | | | | | | | | |
| | 1970 | 9 | 64 | 20 | 8 | 3 | 2 | 4 |
| | 1977 | 7 | 52 | 19 | 2 | 5 | 2 | - |
| | 1983 | 14 | 72 | 16 | 7 | 3 | 1 | 1 |
| | 1984 | 14 | 84 | 12 | 3 | - | 1 | 1 |
| | 1986 | 13 | 73 | 16 | 7 | 1 | - | 3 |

1 A dash appears where the percentage was less than .05%.
2 Includes travel and entertainment cards, such as American Express and Carte Blanche, as well as other cards, such as car rental and airline cards.

Source: Reproduced by permission from Glenn B. Canner, "Changes in Consumer Holding and Use of Credit Cards, 1970-86," Journal of Retail Banking 10 (Summer 1988), pp.13-24.

# Section 3. Household Balance Sheet and Payment Patterns

## A. Measures of Household Financial Leverage

Aggregate statistics on consumer debt, relative to income, are often cited as measures of "household debt burden." One frequently mentioned statistic is the ratio of aggregate consumer installment debt outstanding to disposable income. From the beginning of the economic recovery in late 1982 this ratio grew from under 14% to nearly 19% by 1987, an historical peak. Because past statistical studies have found a positive relationship between the debt-income ratio and delinquency rates, the recent upsurge has generated some concern over an impending rise in delinquencies.

Concern based solely on the aggregate debt-income ratio is premature. Aggregate statistics reveal very little about the ability of consumers' to repay their debts, because they mask shifts in the characteristics of loan contracts, as well as the households who use credit. In particular, the debt-income ratio focuses on total debt instead of monthly payments. To illustrate the problem, consider the fact that much of the recent increase in the debt-income ratio is attributable to lengthening maturity of automobile loan contracts. New car loans issued by finance companies increased in average length from 46 months in 1982 to 56 months in 1988. By lengthening the repayment period, consumers can receive larger loans without an increase in the size of the monthly payment. Consequently, the larger amount of aggregate consumer debt relative to income does not necessarily impose a greater monthly payment burden.

Survey data generate more valid conclusions than aggregate statistics about the financial ability of households to repay debt. The 1986 Survey of Consumer Finances sponsored by the Federal Reserve Board revealed that consumer debt per household grew at an average annual rate of about 18% between 1983 and 1986, but monthly installment debt payments grew at only an 11.5% annual rate.[1] For consumers with installment debt in each year, the average ratio of installment debt payments to income was 9.3% in 1983 and 10.0% in 1986. Thus, the fraction of income necessary to service consumer debt did rise over the period, but not by as much as the aggregate debt- income ratio suggests.

One of the more interesting findings of the 1986 survey involved the change in family debt status over time. The 1986 survey resampled households previously interviewed in 1983. A large part of the survey was devoted to taking an inventory of household financial assets, debts, and sources of income. From these data it is possible to track the change in a family's financial position over the three year period. The data revealed that the debt burden of families as measured by the payment-income ratio varies considerably over time, a fact that aggregate measures are unable to detect. For example, Table 27 shows that, of those families with heavy debt burdens in 1983 (defined as monthly installment payments in excess of 30% of monthly income), only 9% were still in this category by 1986. The data also reveal that income growth (as opposed to bankruptcy) caused much of the movement from heavier to lighter debt burdens over time. Of course, the period between the two surveys was marked by rapid rise in employment and strong economic growth. The ability of heavily indebted households to grow their way out of debt under less favorable economic conditions remains an open question.

Another frequently cited measure of consumer ability to repay debts is the aggregate ratio of liquid assets to total consumer installment credit. Chart 12 illustrates the variance in what is often called the "quick ratio" for the household sector over the years from 1975 to 1987. However, this ratio suffers the same weakness as the aggregate debt-income ratio, since it does not indicate whether the holders of liquid assets are the same households that hold the installment debt. Again, survey data provide a more accurate picture of the ability of households to meet their installment obligations out of liquid assets in case of an interuption in income. Table 30 shows that of all families headed by individuals at least 25 years old, 51.1% had financial assets that exceeded their consumer debt in 1983, increasing slightly to 52.2% in 1986. However, looking at households grouped by payment-income category, less than 25% of all families in the two highest debt burden categories in 1986 had liquid assets to match their installment debt.[2]

[1]For detailed analysis of changes in the characteristics of households holding consumer debt between 1983 and 1986 see Robert B. Avery, Gregory E. Elliehausen and Arthur B. Kennickell, "Changes in Consumer Installment Debt: Evidence from the 1983 and 1986 Surveys of Consumer Finances," Federal Reserve Bulletin, October, 1987, pp 761-778.

[2]The liquid asset holdings of households in the 1983 Survey of Consumer Finances are analyzed in more detail in A. Charlene Sullivan, "Liquid Assets and Consumer Credit on the Household Balance Sheet," Working Paper No. 53 (Credit Research Center, Purdue University), 1987.

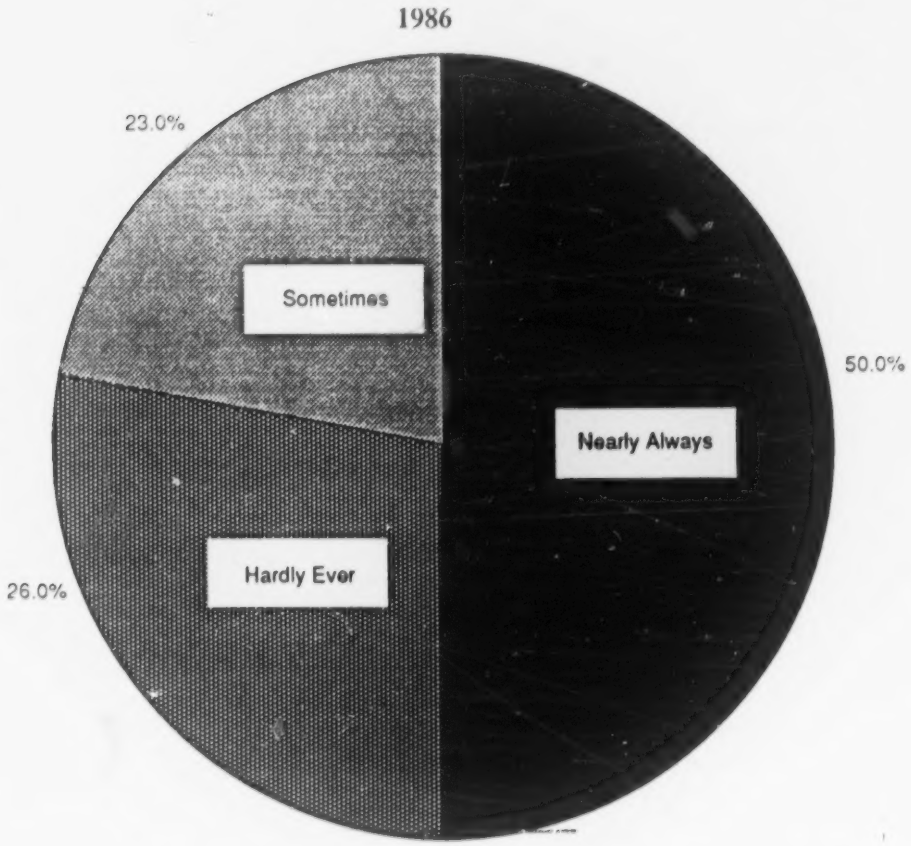
Table 22. DISTRIBUTION OF FAMILIES WITH SELECTED CHARACTERISTICS THAT USE BANK OR RETAIL CREDIT CARDS BY REPAYMENT PRACTICE, SELECTED YEARS[1] (Percentage of bank and retail card users)

| Family Characteristics | Nearly Always Pays in Full | | | Sometimes Pays in Full | | | Hardly Ever Pays in Full | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1977 | 1983 | 1986 | 1977 | 1983 | 1986 | 1977 | 1983 | 1986 |
| Family Income[2] | | | | | | | | | |
| Less than $10,000 | 53% | 55% | 40% | 28% | 20% | 19% | 19% | 25% | 41% |
| $10,000-19,999 | 52 | 46 | 43 | 24 | 25 | 18 | 24 | 28 | 39 |
| $20,000-29,999 | 44 | 43 | 62 | 30 | 24 | 22 | 26 | 32 | 15 |
| $30,000-49,000 | 48 | 44 | 40 | 30 | 30 | 30 | 23 | 26 | 30 |
| $50,000 or more | 64 | 61 | 67 | 23 | 21 | 19 | 13 | 17 | 14 |
| Age of Head | | | | | | | | | |
| Less than 35 yrs. | 42 | 41 | 45 | 33 | 26 | 15 | 26 | 33 | 29 |
| 35-44 | 41 | 36 | 45 | 31 | 30 | 33 | 27 | 34 | 22 |
| 45-54 | 47 | 37 | 62 | 29 | 32 | 21 | 24 | 31 | 17 |
| 55-64 | 59 | 48 | 45 | 24 | 25 | 21 | 16 | 27 | 33 |
| 65 or more | 79 | 57 | 69 | 14 | 24 | 10 | 8 | 20 | 22 |
| Education of Head | | | | | | | | | |
| 0-8 grades | 57 | 54 | 24 | 19 | 17 | 4 | 24 | 29 | 60 |
| 9-11 grades | 46 | 50 | 62 | 27 | 22 | 10 | 27 | 28 | 29 |
| High school diploma | 46 | 46 | 51 | 28 | 27 | 16 | 26 | 27 | 33 |
| Some college | 47 | 43 | 48 | 31 | 28 | 26 | 21 | 29 | 26 |
| College degree | 58 | 54 | 55 | 29 | 25 | 32 | 13 | 21 | 13 |
| All Families That Use Bank or Retail Cards | 51 | 49 | 50 | 28 | 25 | 23 | 22 | 26 | 26 |

[1]The 1977 survey covered 2,563 families of whom 1,444 had bank or retail cards. The 1983 survey covered 3,824 families of whom 2,087 had bank or retail cards. The 1986 survey covered 658 families of whom 438 had bank or retail cards.
[2]In constant 1985 dollars. For each survey year, income is for the preceding calendar year.

Source: Reproduced by permission from Glenn B. Canner, "Changes in Consumer Holding and Use of Credit Cards, 1970-86," Journal of Retail Banking 10 (Summer 1988), pp.13-24.

Chart 9. PAYMENT PRACTICE OF BANK AND RETAIL CREDIT CARD HOLDERS
(Percent of holders and how often they they pay their credit card bills in full)




Data are from Table 22.

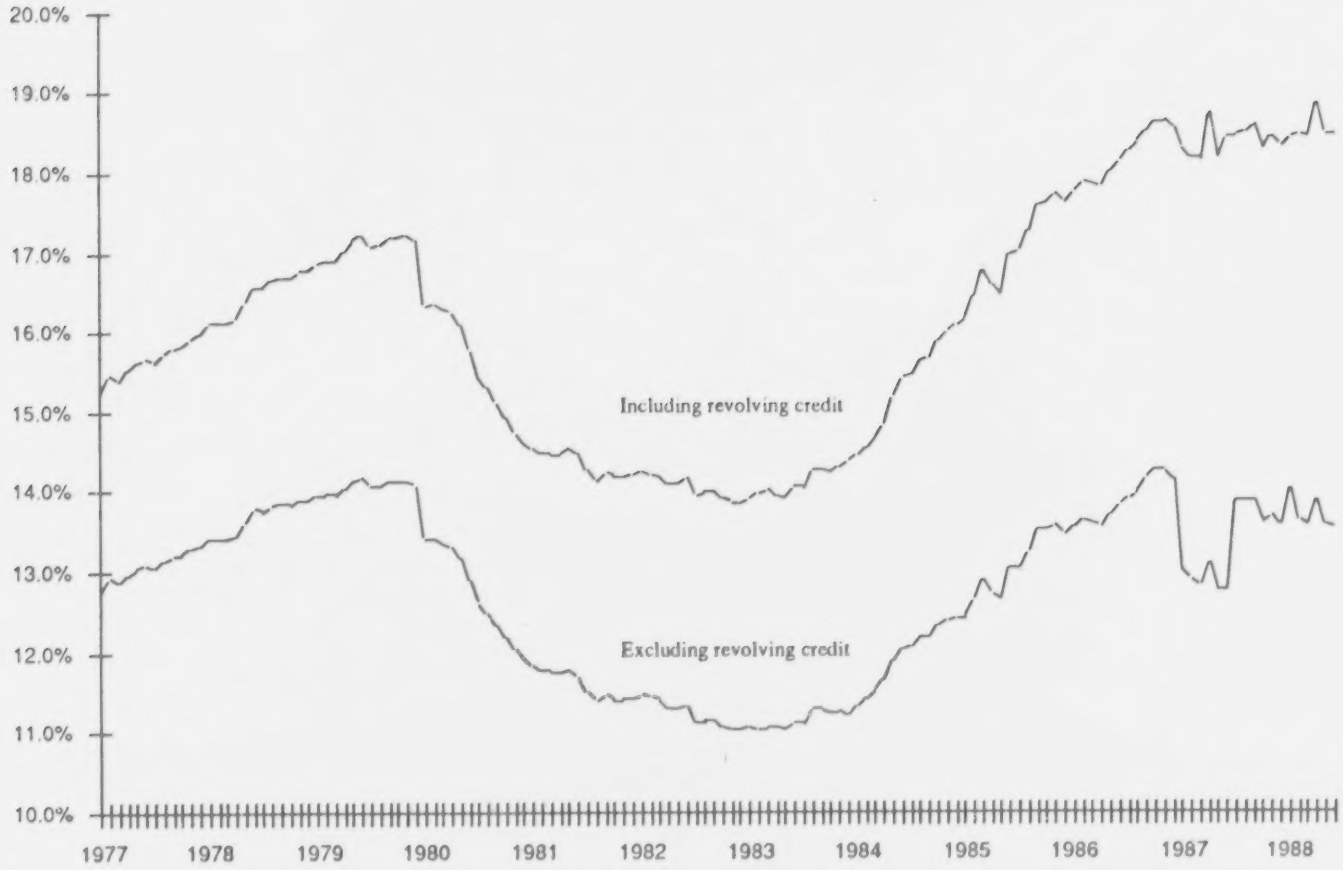
Table 23. HOUSEHOLD DEBT BURDEN Ratio of Total Consumer Installment Credit to Disposable Personal Income (Seasonally adjusted)

| | | Including[1] Rev. Credit | Excluding[2] Rev. Credit | | | Including Rev. Credit | Excluding Rev. Credit | | | Including Rev. Credit | Excluding Rev. Credit |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1977- | J | 15.24% | 12.77% | 1981- | J | 14.54% | 11.83% | 1985- | J | 16.17% | 12.47% |
| | F | 15.46 | 12.94 | | F | 14.48 | 11.77 | | F | 16.45 | 12.66 |
| | M | 15.38 | 12.87 | | M | 14.47 | 11.75 | | M | 16.78 | 12.90 |
| | A | 15.53 | 12.98 | | A | 14.48 | 11.74 | | A | 16.60 | 12.74 |
| | M | 15.63 | 13.06 | | M | 14.55 | 11.78 | | M | 16.47 | 12.67 |
| | J | 15.67 | 13.09 | | J | 14.49 | 11.70 | | J | 17.00 | 13.07 |
| | J | 15.63 | 13.06 | | J | 14.27 | 11.52 | | J | 17.04 | 13.07 |
| | A | 15.73 | 13.16 | | A | 14.14 | 11.41 | | A | 17.28 | 13.26 |
| | S | 15.79 | 13.21 | | S | 14.24 | 11.48 | | S | 17.61 | 13.53 |
| | O | 15.83 | 13.23 | | O | 14.19 | 11.41 | | O | 17.65 | 13.54 |
| | N | 15.91 | 13.29 | | N | 14.19 | 11.42 | | N | 17.75 | 13.59 |
| | D | 15.97 | 13.32 | | D | 14.22 | 11.44 | | D | 17.65 | 13.49 |
| 1978- | J | 16.11 | 13.43 | 1982- | J | 14.26 | 11.48 | 1986- | J | 17.79 | 13.58 |
| | F | 16.12 | 13.43 | | F | 14.23 | 11.45 | | F | 17.90 | 13.67 |
| | M | 16.13 | 13.42 | | M | 14.19 | 11.40 | | M | 17.87 | 13.63 |
| | A | 16.18 | 13.46 | | A | 14.10 | 11.31 | | A | 17.84 | 13.58 |
| | M | 16.38 | 13.63 | | M | 14.11 | 11.31 | | M | 18.03 | 13.73 |
| | J | 16.58 | 13.79 | | J | 14.18 | 11.34 | | J | 18.17 | 13.85 |
| | J | 16.56 | 13.76 | | J | 13.96 | 11.13 | | J | 18.29 | 13.93 |
| | A | 16.65 | 13.83 | | A | 14.00 | 11.15 | | A | 18.40 | 14.01 |
| | S | 16.70 | 13.86 | | S | 14.02 | 11.16 | | S | 18.53 | 14.18 |
| | O | 16.69 | 13.84 | | O | 13.91 | 11.06 | | O | 18.66 | 14.27 |
| | N | 16.77 | 13.90 | | N | 13.87 | 11.03 | | N | 18.67 | 14.25 |
| | D | 16.79 | 13.89 | | D | 13.87 | 11.03 | | D | 18.58 | 14.15 |
| 1979- | J | 16.87 | 13.96 | 1983- | J | 13.91 | 11.07 | 1987- | J | 18.33 | 13.02 |
| | F | 16.91 | 13.97 | | F | 14.00 | 11.04 | | F | 18.20 | 12.92 |
| | M | 16.90 | 13.9[illegible] | | M | 14.05 | 11.06 | | M | 18.18 | 12.85 |
| | A | 17.03 | 14.05 | | A | 13.95 | 11.08 | | A | 18.77 | 13.12 |
| | M | 17.15 | 14.14 | | M | 13.92 | 11.05 | | M | 18.22 | 12.79 |
| | J | 17.21 | 14.18 | | J | 14.06 | 11.13 | | J | 18.48 | 12.80 |
| | J | 17.07 | 14.07 | | J | 14.05 | 11.11 | | J | 18.50 | 13.90 |
| | A | 17.10 | 14.06 | | A | 14.28 | 11.30 | | A | 18.54 | 13.90 |
| | S | 17.18 | 14.12 | | S | 14.29 | 11.29 | | S | 18.61 | 13.90 |
| | O | 17.20 | 14.12 | | O | 14.26 | 11.25 | | O | 18.32 | 13.64 |
| | N | 17.23 | 14.12 | | N | 14.32 | 11.27 | | N | 18.47 | 13.72 |
| | D | 17.15 | 14.07 | | D | 14.39 | 11.21 | | D | 18.36 | 13.59 |
| 1980- | J | 16.34 | 13.43 | 1984- | J | 14.45 | 11.35 | 1988- | J | 18.47 | 14.04 |
| | F | 16.38 | 13.43 | | F | 14.56 | 11.44 | | F | 18.50 | 13.65 |
| | M | 16.29 | 13.36 | | M | 14.68 | 11.53 | | M | 18.46 | 13.59 |
| | A | 16.25 | 13.33 | | A | 14.85 | 11.65 | | A | 18.89 | 13.90 |
| | M | 16.09 | 13.18 | | M | 15.20 | 11.90 | | M | 18.51 | 13.59 |
| | J | 15.78 | 12.91 | | J | 15.43 | 12.05 | | J | 18.53 | 13.56 |
| | J | 15.44 | 12.63 | | J | 15.47 | 12.08 | | J | 18.53 | 13.52 |
| | A | 15.31 | 12.51 | | A | 15.65 | 12.20 | | A | 18.64 | 13.57 |
| | S | 15.12 | 12.36 | | S | 15.69 | 12.20 | | S | 18.58 | 13.50 |
| | O | 14.92 | 12.20 | | O | 15.90 | 12.35 | | O | 18.34 | 13.29 |
| | N | 14.74 | 12.04 | | N | 16.02 | 12.41 | | N | 18.52 | 13.36 |
| | D | 14.62 | 11.92 | | D | 16.10 | 12.45 | | D | 18.50 | 13.35 |

[1] Debt burden including revolving credit as a percent of disposable personal income.
[2] Debt burden excluding revolving credit as a percent of disposable personal income.

Sources: Disposable income (see Appendix, Table A1) from "Current Business Statistics"; 1977-1979 and 1988 consumer installment credit from Federal Reserve Statistical Release G-19; 1980-1987 consumer installment credit data from "Board of Governors of Federal Reserve System, Washington, D.C., U.S. Department of Commerce. National Technical Information Service."

Chart 10. HOUSEHOLD DEBT BURDEN (seasonally adjusted)
TOTAL CONSUMER INSTALLMENT CREDIT TO DISPOSABLE INCOME



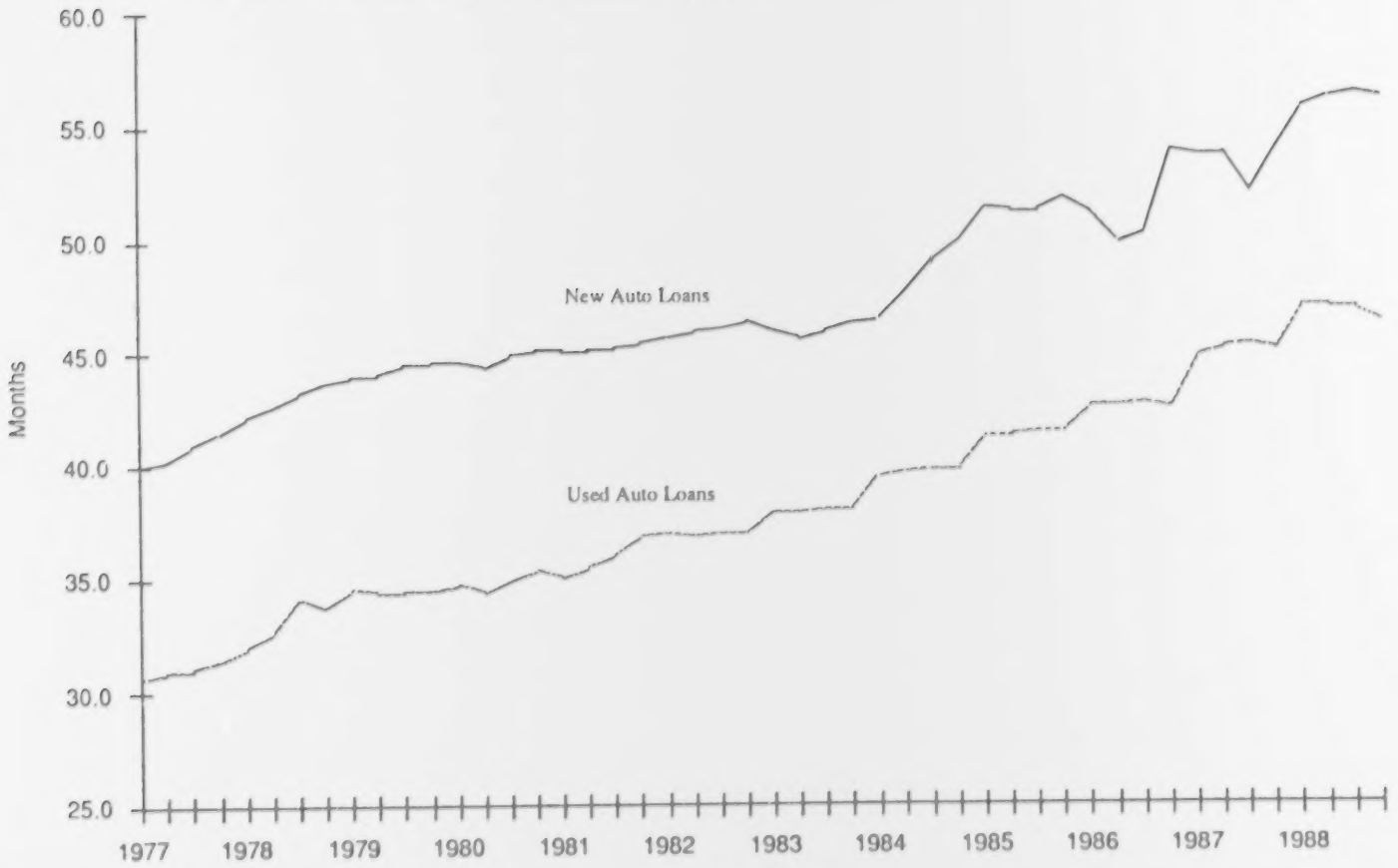

Data are from Table 23.

Table 24. AVERAGE MATURITY OF AUTO LOANS AT FINANCE COMPANIES (Months)

| | Qtr | New | Used | | Qtr | New | Used |
|---|---|---|---|---|---|---|---|
| 1977 | 1 | 40.0 | 30.7 | 1983 | 1 | 45.9 | 37.9 |
| | 2 | 40.2 | 31.0 | | 2 | 45.6 | 37.9 |
| | 3 | 40.9 | 31.1 | | 3 | 45.9 | 38.0 |
| | 4 | 41.5 | 31.4 | | 4 | 46.3 | 38.0 |
| 1978 | 1 | 42.2 | 32.0 | 1984 | 1 | 46.5 | 39.4 |
| | 2 | 42.6 | 32.6 | | 2 | 47.7 | 39.7 |
| | 3 | 43.2 | 34.1 | | 3 | 49.1 | 39.8 |
| | 4 | 43.7 | 33.7 | | 4 | 50.0 | 39.9 |
| 1979 | 1 | 44.0 | 34.5 | 1985 | 1 | 51.4 | 41.2 |
| | 2 | 44.1 | 34.3 | | 2 | 51.2 | 41.3 |
| | 3 | 44.5 | 34.4 | | 3 | 51.3 | 41.5 |
| | 4 | 44.6 | 34.4 | | 4 | 51.9 | 41.4 |
| 1980 | 1 | 44.6 | 34.7 | 1986 | 1 | 51.2 | 42.6 |
| | 2 | 44.3 | 34.3 | | 2 | 49.8 | 42.6 |
| | 3 | 44.9 | 34.9 | | 3 | 50.3 | 42.7 |
| | 4 | 45.1 | 35.4 | | 4 | 54.0 | 42.5 |
| 1981 | 1 | 45.0 | 35.0 | 1987 | 1 | 53.7 | 44.8 |
| | 2 | 45.1 | 35.5 | | 2 | 53.8 | 45.2 |
| | 3 | 45.2 | 36.0 | | 3 | 52.1 | 45.4 |
| | 4 | 45.4 | 36.8 | | 4 | 54.0 | 45.1 |
| 1982 | 1 | 45.7 | 37.0 | 1988 | 1 | 55.8 | 47.0 |
| | 2 | 45.9 | 36.8 | | 2 | 56.2 | 46.9 |
| | 3 | 46.1 | 37.0 | | 3 | 56.5 | 46.8 |
| | 4 | 46.4 | 36.9 | | 4 | 56.2 | 46.2 |

Source: Federal Reserve Statistical Releases.

Chart 11. AVERAGE MATURITY OF AUTO LOANS AT FINANCE COMPANIES




Data are from Table 24.

Table 25. INCREASE IN DEBT VS. PAYMENTS, 1970-1986

| | Annual growth rates by period | | | |
|---|---|---|---|---|
| | 1970 - 77 | 1977- 83 | 1983- 86 | 1970 - 86 |
| Consumer installment debt | 11.2% | 8.2% | 17.9% | 11.2% |
| Monthly installment debt payments | 8.1% | 7.3% | 11.5% | 8.4% |
| | 1970 | 1977 | 1983 | 1986 |
| Average ratio of debtors' payments to income | 10.4 | 10.9 | 9.3 | 10.0 |

Source: Federal Reserve Bulletin, October 1987, p. 769.

Table 26. CHANGES IN CONSUMER INSTALLMENT DEBT, 1983, 1986

1983

| Family characteristic | Families with consumer debt | Monthly payment ($) Mean | Monthly payment ($) Median | Median ratio of payments to income | Share of total payments | Distribution of families |
|---|---|---|---|---|---|---|
| Income (1986 dollars) | | | | | | |
| Less than 10,000 | 30.2% | $ 87 | $ 50 | 12.2 | 5.2% | 19.8% |
| 10,000-19,999 | 51.8 | 116 | 80 | 7.6 | 14.5 | 23.9 |
| 20,000-34,999 | 68.9 | 168 | 142 | 7.1 | 31.4 | 26.9 |
| 35,000-49,999 | 73.4 | 211 | 187 | 6.0 | 23.4 | 15.0 |
| 50,000 or more | 62.2 | 283 | 216 | 4.2 | 25.5 | 14.4 |
| All families with head 25 years of age or more | 56.9 | 175 | 134 | 6.6 | 100.0 | 100.0 |

1986

| Family characteristic | Families with consumer debt | Monthly payment ($) Mean | Monthly payment ($) Median | Median ratio of payments to income | Share of total payments | Distribution of families |
|---|---|---|---|---|---|---|
| Income (1986 dollars) | | | | | | |
| Less than 10,000 | 33.2% | $ 81 | $ 45 | 8.8 | 4.2% | 20.0% |
| 10,000-19,999 | 51.7 | 131 | 100 | 8.6 | 12.4 | 23.3 |
| 20,000-34,999 | 69.5 | 201 | 150 | 7.2 | 28.3 | 25.8 |
| 35,000-49,999 | 76.9 | 266 | 215 | 6.5 | 24.6 | 15.3 |
| 50,000 or more | 65.0 | 386 | 250 | 4.9 | 30.5 | 15.5 |
| All families with head 25 years of age or more | 58.5 | 218 | 145 | 6.6 | 100.0 | 100.0 |

Source: Robert B. Avery, Gregory E. Elliehausen, and Arthur B. Kennickell. "Changes in Consumer Installment Debt: Evidence from the 1983 and 1986 Surveys of Consumer Finance," Federal Reserve Bulletin, October 1987.

Table 27. SHIFT OF RATIOS OF PAYMENT TO INCOME, 1983 TO 1986 (Percent distribution of households)

| Ratio of payments to income, 1983 | Ratio of payments to income, 1986[1] | | | |
|---|---|---|---|---|
| | No debt | <10% | 10-29% | >30% |
| No consumer debt | 68.5 | 19.9 | 8.9 | 2.7 |
| Debt | | | | |
| <10% | 22.9 | 55.4 | 19.8 | 1.9 |
| 10-29% | 22.8 | 47.0 | 26.2 | 4.0 |
| >30% | 28.4 | 28.6 | 34.2 | 8.9 |
| All families | 41.5 | 38.9 | 16.9 | 2.7 |

Source: Federal Reserve Bulletin, October, 1987, p. 769.

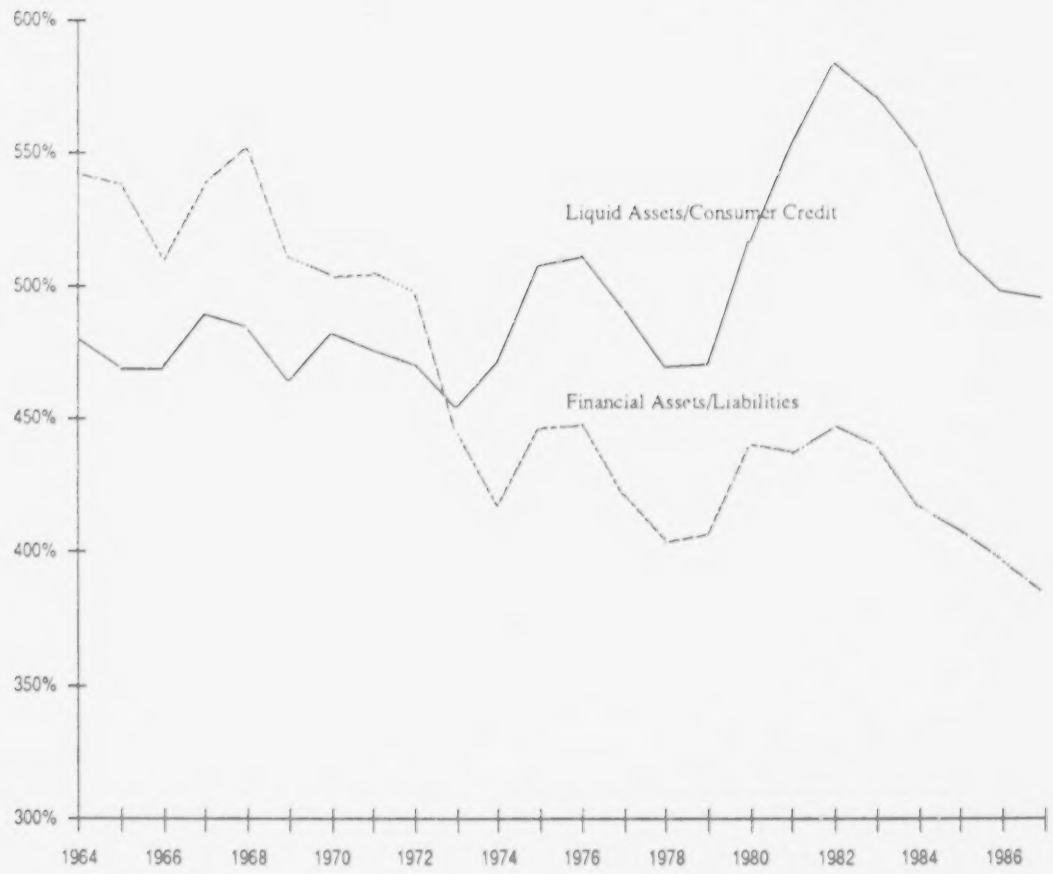
[1] Ratio of monthly payments on consumer (non-mortgage) debt to monthly income.

TABLE 28 STATEMENT OF FINANCIAL ASSETS AND LIABILITIES FOR HOUSEHOLDS (Billions of Dollars)

| Year | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | | | | | | |
| Checkable deposits & currency | 167.6 | 176.2 | 192.5 | 217.5 | 250.1 | 260.7 | 293.6 | 315.8 | 342.0 | 363.7 | 387.6 | 471.5 | 481.5 |
| Small time & savings deposits | 720.7 | 837.2 | 932.7 | 998.4 | 1058.2 | 1140.7 | 1188.2 | 1322.5 | 1532.6 | 1685.9 | 1829.8 | 1946.2 | 2017.9 |
| Money market shares | 3.7 | 3.7 | 3.4 | 9.4 | 40.0 | 64.9 | 155.6 | 189.4 | 158.4 | 202.4 | 214.5 | 248.7 | 277.6 |
| Large time deposits | 43.3 | 25.6 | 34.1 | 64.2 | 72.1 | 111.5 | 125.6 | 99.0 | 74.0 | 128.9 | 99.2 | 66.2 | 83.1 |
| Deposits | 935.3 | 1042.7 | 1162.8 | 1289.6 | 1420.4 | 1577.7 | 1763.1 | 1926.8 | 2107.0 | 2380.9 | 2531.2 | 2732.7 | 2860.1 |
| Savings bonds | 67.4 | 72.0 | 76.8 | 80.7 | 79.9 | 72.5 | 68.2 | 68.3 | 71.5 | 74.5 | 79.8 | 93.3 | 101.1 |
| Other Treasury | 50.4 | 52.9 | 63.6 | 79.2 | 122.9 | 146.4 | 181.2 | 227.7 | 286.7 | 352.3 | 390.7 | 370.4 | 406.5 |
| Treasury issues | 117.8 | 125.0 | 140.3 | 159.9 | 202.8 | 218.9 | 249.4 | 296.1 | 358.2 | 426.8 | 470.5 | 463.7 | 507.6 |
| Agency issues | 11.2 | 9.6 | 8.7 | 15.4 | 35.3 | 40.2 | 44.8 | 46.4 | 35.6 | 53.9 | 81.5 | 68.6 | 79.1 |
| U.S. Government securities | 129.0 | 134.6 | 149.0 | 175.2 | 238.1 | 259.1 | 294.1 | 342.5 | 393.8 | 480.7 | 551.9 | 532.4 | 586.7 |
| Tax exempt obligations | 68.1 | 69.3 | 67.6 | 70.2 | 80.6 | 86.9 | 98.0 | 120.2 | 157.8 | 183.2 | 223.2 | 217.8 | 281.9 |
| Corporate and foreign bonds | 66.6 | 78.3 | 79.4 | 75.5 | 72.3 | 59.3 | 55.9 | 53.5 | 45.4 | 44.5 | 47.6 | 82.4 | 92.2 |
| Mortgages | 58.4 | 59.7 | 66.5 | 76.0 | 89.4 | 107.0 | 117.3 | 126.1 | 127.1 | 128.2 | 127.5 | 127.8 | 134.2 |
| Open-market paper | 8.9 | 0.3 | 14.5 | 29.5 | 37.0 | 40.3 | 30.1 | 16.2 | 25.0 | 19.6 | 58.7 | 47.1 | 73.8 |
| Credit market instruments | 330.9 | 342.2 | 377.1 | 426.4 | 517.4 | 552.6 | 595.5 | 658.5 | 749.1 | 856.1 | 1008.9 | 1007.5 | 1168.9 |
| Deposits & credit market instruments | 1266.3 | 1384.9 | 1539.8 | 1716.0 | 1937.8 | 2130.4 | 2358.6 | 2585.2 | 2856.0 | 3236.9 | 3540.0 | 3740.2 | 4028.9 |
| Mutual fund shares | 38.7 | 41.4 | 40.4 | 41.1 | 44.8 | 52.1 | 52.6 | 66.7 | 98.0 | 117.7 | 203.0 | 356.8 | 409.1 |
| Other corporate equities | 598.6 | 712.9 | 668.5 | 663.9 | 812.2 | 1111.3 | 1051.4 | 1173.4 | 1323.2 | 1323.1 | 1685.3 | 1850.6 | 1697.8 |
| Corporate equities | 637.4 | 754.3 | 708.8 | 705.0 | 857.0 | 1163.4 | 1104.1 | 1240.1 | 1421.1 | 1440.8 | 1888.3 | 2207.5 | 2106.8 |
| Life insurance reserves | 166.5 | 175.3 | 184.8 | 196.0 | 206.7 | 216.4 | 225.6 | 232.8 | 240.8 | 246.0 | 256.7 | 274.2 | 300.3 |
| Pension fund reserves | 413.6 | 507.5 | 560.3 | 661.5 | 767.1 | 916.1 | 996.9 | 1179.2 | 1392.1 | 1532.0 | 1801.6 | 2057.7 | 2261.8 |
| Equity in noncorporate business | 1000.7 | 1040.1 | 1217.3 | 1424.0 | 1675.5 | 2033.5 | 2257.2 | 2229.3 | 2279.9 | 2237.0 | 2196.3 | 2236.1 | 2371.5 |
| Security credit | 4.5 | 5.7 | 5.7 | 8.5 | 10.4 | 16.2 | 14.7 | 17.8 | 20.6 | 21.6 | 35.1 | 44.0 | 37.2 |
| Miscellaneous assets | 40.6 | 46.0 | 52.9 | 59.5 | 66.7 | 72.4 | 78.5 | 85.3 | 100.6 | 102.5 | 124.1 | 153.6 | 170.6 |
| Total financial assets | 3529.4 | 3913.8 | 4269.8 | 4770.5 | 5521.2 | 6548.4 | 7035.6 | 7569.8 | 8311.1 | 8816.9 | 9842.1 | 10715.3 | 11277.1 |
| **Liabilities** | | | | | | | | | | | | | |
| Home mortgages | 469.7 | 529.4 | 619.2 | 727.7 | 846.9 | 942.4 | 1020.3 | 1059.7 | 1176.0 | 1310.1 | 1460.6 | 1659.9 | 1878.1 |
| Installment consumer credit | 168.7 | 188.7 | 223.7 | 264.7 | 300.3 | 302.1 | 315.5 | 330.4 | 374.5 | 449.5 | 526.5 | 581.3 | 623.6 |
| Other consumer credit | 50.9 | 41.7 | 43.5 | 47.6 | 52.4 | 53.3 | 56.7 | 58.3 | 63.2 | 69.8 | 75.3 | 74.9 | 73.3 |
| Tax-exempt debt | 2.7 | 4.7 | 8.1 | 10.7 | 13.6 | 16.7 | 21.1 | 29.6 | 41.0 | 51.2 | 61.3 | 79.1 | 78.2 |
| Other mortgages | 24.8 | 25.6 | 26.7 | 28.1 | 29.6 | 31.5 | 33.8 | 36.4 | 38.9 | 41.4 | 43.8 | 46.1 | 48.4 |
| Bank loans n.e.c. | 13.9 | 14.9 | 17.6 | 20.1 | 21.7 | 29.5 | 35.5 | 37.9 | 41.5 | 36.7 | 43.7 | 54.4 | 47.4 |
| Other loans | 31.5 | 33.4 | 35.7 | 39.5 | 45.9 | 54.7 | 65.8 | 73.2 | 76.5 | 79.4 | 83.3 | 88.4 | 87.4 |
| Credit market instruments | 762.2 | 838.4 | 974.5 | 1138.3 | 1310.4 | 1430.2 | 1548.8 | 1625.5 | 1811.6 | 2038.2 | 2314.5 | 2594.2 | 2836.5 |
| Security credit | 12.1 | 16.5 | 18.9 | 21.0 | 21.3 | 28.5 | 27.5 | 30.3 | 39.7 | 37.3 | 56.8 | 65.0 | 49.7 |
| Trade credit | 9.4 | 10.5 | 11.7 | 13.2 | 14.9 | 17.2 | 19.8 | 22.2 | 24.0 | 25.8 | 28.0 | 30.5 | 33.4 |
| Deferred and unpaid life ins. premiums | 7.7 | 8.4 | 9.3 | 10.3 | 11.7 | 12.9 | 14.7 | 15.5 | 16.1 | 15.1 | 15.2 | 13.9 | 15.1 |
| Total liabilities | 791.4 | 873.9 | 1014.3 | 1182.9 | 1358.2 | 1488.7 | 1610.8 | 1693.6 | 1891.5 | 2116.4 | 2414.4 | 2703.6 | 2934.7 |

Source Z.1 Flow of Funds Accounts, Financial Assets and Liabilities, Year End, 1964-87 Board of Governors of the Federal Reserve System

Chart 12. HOUSEHOLD LEVERAGE -- FINANCIAL ASSETS TO LIABILITIES & LIQUID ASSETS TO CONSUMER CREDIT




Sources: Federal Reserve Bulletins C.9 and Z.1.

TABLE 29 SELECTED RATIOS FROM THE STATEMENT OF FINANCIAL ASSETS AND LIABILITIES FOR HOUSEHOLDS

| Year | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Assets/liabilities | 445.97% | 447.85% | 420.96% | 403.29% | 406.51% | 439.87% | 436.78% | 446.97% | 439.39% | 416.60% | 407.64% | 396.33% | 384.27% |
| Deposits/liabilities | 118.18% | 119.32% | 114.64% | 109.02% | 104.58% | 105.98% | 109.45% | 113.77% | 111.39% | 112.50% | 104.84% | 101.08% | 97.46% |
| Deposits / consumer credit | 425.91% | 452.56% | 435.18% | 412.94% | 402.72% | 443.92% | 473.70% | 495.70% | 481.38% | 458.48% | 420.60% | 416.44% | 410.40% |
| Home mortgage/liabilities | 59.35% | 60.58% | 61.05% | 61.52% | 62.35% | 63.30% | 63.34% | 62.57% | 62.17% | 61.90% | 60.50% | 61.77% | 64.00% |
| Deposits/assets | 26.50% | 26.64% | 27.23% | 27.03% | 25.73% | 24.09% | 25.06% | 25.45% | 25.35% | 27.00% | 25.72% | 25.50% | 25.36% |
| Installment credit/liabilities | 21.32% | 21.59% | 22.05% | 22.38% | 22.11% | 20.29% | 19.59% | 19.51% | 19.80% | 21.24% | 21.81% | 21.50% | 21.25% |
| Liabilities /financial assets | 22.42% | 22.33% | 23.76% | 24.80% | 24.60% | 22.73% | 22.89% | 22.37% | 22.76% | 24.00% | 24.53% | 25.23% | 26.02% |
| Asset growth | | 10.89% | 9.10% | 11.73% | 15.74% | 18.60% | 7.44% | 7.59% | 9.79% | 6.09% | 11.63% | 8.87% | 5.24% |
| Liability growth | | 10.42% | 16.07% | 16.62% | 14.82% | 9.61% | 8.20% | 5.14% | 11.69% | 11.89% | 14.08% | 11.98% | 8.55% |

Source: Z.1 Flow of Funds Accounts, Financial Assets and Liabilities, Year-End, 1964-87, Board of Governors of the Federal Reserve System.

Table 30. RATIO OF HOUSEHOLD ASSETS TO CONSUMER DEBT, 1986 SURVEY DATA (percent of households)

| 1986 Payment ratio group[1] | Financial assets>debt | Home equity ≥ debt | Financial assets and home equity ≥ debt |
|---|---|---|---|
| < 10% | 67.7% | 72.4% | 90.4% |
| 10- 29% | 24.0 | 58.8 | 65.6 |
| ≥ 30% | 12.3 | 51.0 | 53.8 |
| All families with head 25 years of age or more | | | |
| 1983 | 51.1% | 66.0% | 80.4% |
| 1986 | 52.2 | 67.4 | 81.4 |

Source: Federal Reserve Bulletin, October 1987, p. 773.

[1] Ratio of monthly payments on consumer (non-mortgage) debt to monthly income.

B. Delinquency Rates on Consumer Credit

The American Bankers Association (ABA) collects monthly data from a sample of commercial banks concerning the number of various types of consumer credit contracts delinquent by 30 days or more. These data are displayed in the charts and tables of this secton.

The ABA publishes a monthly composite figure that is a weighted average (based on the number of loans outstanding) of delinquency rates for seven types of closed-end consumer credit. The delinquency rate for a given type of credit is calculated as the number of contracts with a payment delinquent at least 30 days, relative to the number of consumer contracts of the same type held by the reporting banks. The types of credit included in the composite delinquency rate are unsecured personal, direct auto, indirect auto, mobile home, recreational vehicle, property improvement, and closed-end home equity loans. Bank credit cards are not included. The composite delinquency rates for the period 1977 to 1988 are displayed in Table 31 and Chart 13.

Table 32 and Chart 14 provide delinquency rates for automobile credit contracts for both commercial banks and finance companies. The commercial bank series is divided into direct and indirect loans. Direct loans are made to customers who apply directly at the bank. Indirect loans are made through retail auto dealers to borrowers that the bank typically never sees. Notice that delinquency rates on direct loans are consistently below rates on indirect loans, suggesting a fundamental risk difference between the two categories of borrowers.[1] However, bank indirect delinquency rates and finance company rates are more closely related.

Delinquency rates on bank credit cards are displayed in Table 33 and Chart 16. The rapid growth in credit card holdings and usage between 1982 and 1985 initially lowered delinquency rates, simply because the base expanded so quickly. However, by the end of 1984 delinquencies began increasing, and peaked in early 1987, over 1.5 percentage points higher than the level three years earlier. This delinquency pattern is consistent with the data described in Section 2 of this handbook on the penetration of bank credit cards into lower income categories of consumers. The risk-return tradeoff also explains why average bank card interest rates remained in the 17-18% range through 1988, despite significantly lower interest rates on other consumer loans and elsewhere in the economy since 1981.[2]

Delinquency statistics for bank card portfolios are not exactly comparable to those for other types of consumer loans held by banks, because so many credit card holders use the card as a convenient payment system, instead of revolving the balance from one month to the next. When credit card delinquency statistics are adjusted to extract the "good" effect of nonrevolvers, the delinquency rates for bank cards are higher than those for the riskiest type of closed-end loan, the small, unsecured personal loan.[3]

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[1]A consistently higher delinquency rate on indirect loans would prompt banks to charge higher interest rates on such loans (or discount the loans more deeply when purchasing them from the dealer) to compensate for the greater risk. For an empirical analysis of this effect, as well as an explanation of how commercial banks can use indirect lending to reduce the costs of sorting borrowers see Michael Staten, John Umbeck and Otis Gilley, "Information Costs and the Organization of Credit Markets: A Theory of Indirect Lending," Working Paper No. 56 (Credit Research Center, Purdue University), 1989.

[2]For further discussion of how the risk-return tradeoff explains why bank card interest rates have remained stable despite fierce competition among issuers, see Paul Watro, "The Bank Credit Card Boom: Some Explanations and Consequences," Economic Commentary. Federal Reserve Bank of Cleveland, March, 1988.

[3]For Further discussion see A.C. Sullivan, "Economic Factors Associated with Consumer Loan Delinquency Rates," Working Paper No. 55 (Credit Research Center, Purdue University), 1987.

Table 31 COMMERCIAL BANKS COMPOSITE DELINQUENCY RATES* (Percent of accounts past due 30+ days, seasonally adjusted)

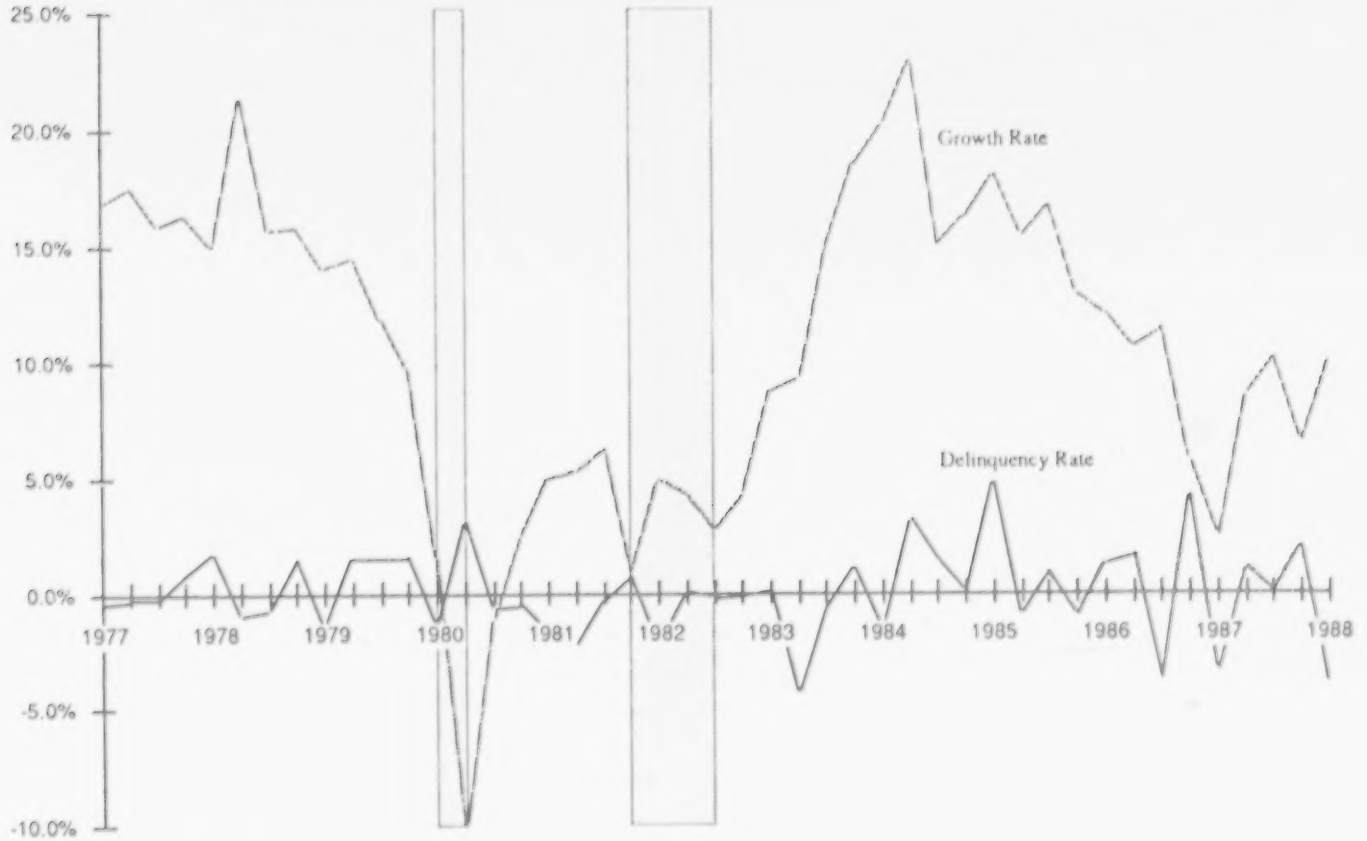
| | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|---|
| J | 2.39% | 2.46% | 2.18% | 2.39% | 2.36% | 2.47% |
| F | 2.36 | 2.49 | 2.33 | 2.33 | 2.48 | 2.33 |
| M | 2.36 | 2.49 | 2.34 | 2.50 | 2.51 | 2.21 |
| A | 2.41 | 2.45 | 2.49 | 2.60 | 2.46 | 2.23 |
| M | 2.42 | 2.28 | 2.38 | 2.67 | 2.41 | 2.24 |
| J | 2.34 | 2.41 | 2.44 | 2.77 | 2.35 | 2.21 |
| J | 2.38 | 2.39 | 2.43 | 2.77 | 2.22 | 2.31 |
| A | 2.34 | 2.34 | 2.42 | 2.88 | 2.36 | 2.22 |
| S | 2.32 | 2.36 | 2.55 | 2.71 | 2.32 | 2.19 |
| O | 2.39 | 2.35 | 2.45 | 2.52 | 2.35 | 2.24 |
| N | 2.33 | 2.32 | 2.45 | 2.60 | 2.40 | 2.23 |
| D | 2.37 | 2.46 | 2.66 | 2.66 | 2.37 | 2.18 |

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|---|
| J | 2.23% | 1.84% | 2.20% | 2.27% | 2.43% | 2.44% |
| F | 2.22 | 1.78 | 2.19 | 2.29 | 2.40 | 2.32 |
| M | 2.19 | 1.85 | 2.40 | 2.41 | 2.28 | 2.19 |
| A | 2.07 | 2.06 | 2.38 | 2.44 | 2.36 | 2.31 |
| M | 2.00 | 1.96 | 2.25 | 2.52 | 2.43 | 2.32 |
| J | 1.92 | 2.02 | 2.33 | 2.53 | 2.35 | 2.34 |
| J | 1.95 | 1.96 | 2.29 | 2.22 | 2.34 | 2.45 |
| A | 1.90 | 1.93 | 2.35 | 2.33 | 2.37 | 2.38 |
| S | 1.88 | 2.10 | 2.39 | 2.24 | 2.35 | 2.42 |
| O | 1.91 | 1.91 | 2.26 | 2.15 | 2.66 | 2.62 |
| N | 1.86 | 1.97 | 2.32 | 2.39 | 2.54 | 2.48 |
| D | 1.94 | 2.09 | 2.32 | 2.52 | 2.47 | 2.49 |

* Includes unsecured personal, direct and indirect auto, home appliance, FHA Title 1, property improvement, mobile home, and recreational vehicle loans. In October 1983, home equity and second mortgage loans (closed-end only) were added.

Source: "Consumer Credit Delinquency Bulletin," American Bankers Association, 1120 Connecticut Ave., N.W. Washington, DC 20036.

Chart 13. ANNUALIZED GROWTH RATE OF CONSUMER INSTALLMENT CREDIT OUTSTANDING AND QUARTERLY PERCENTAGE CHANGE IN THE DELINQUENCY RATE



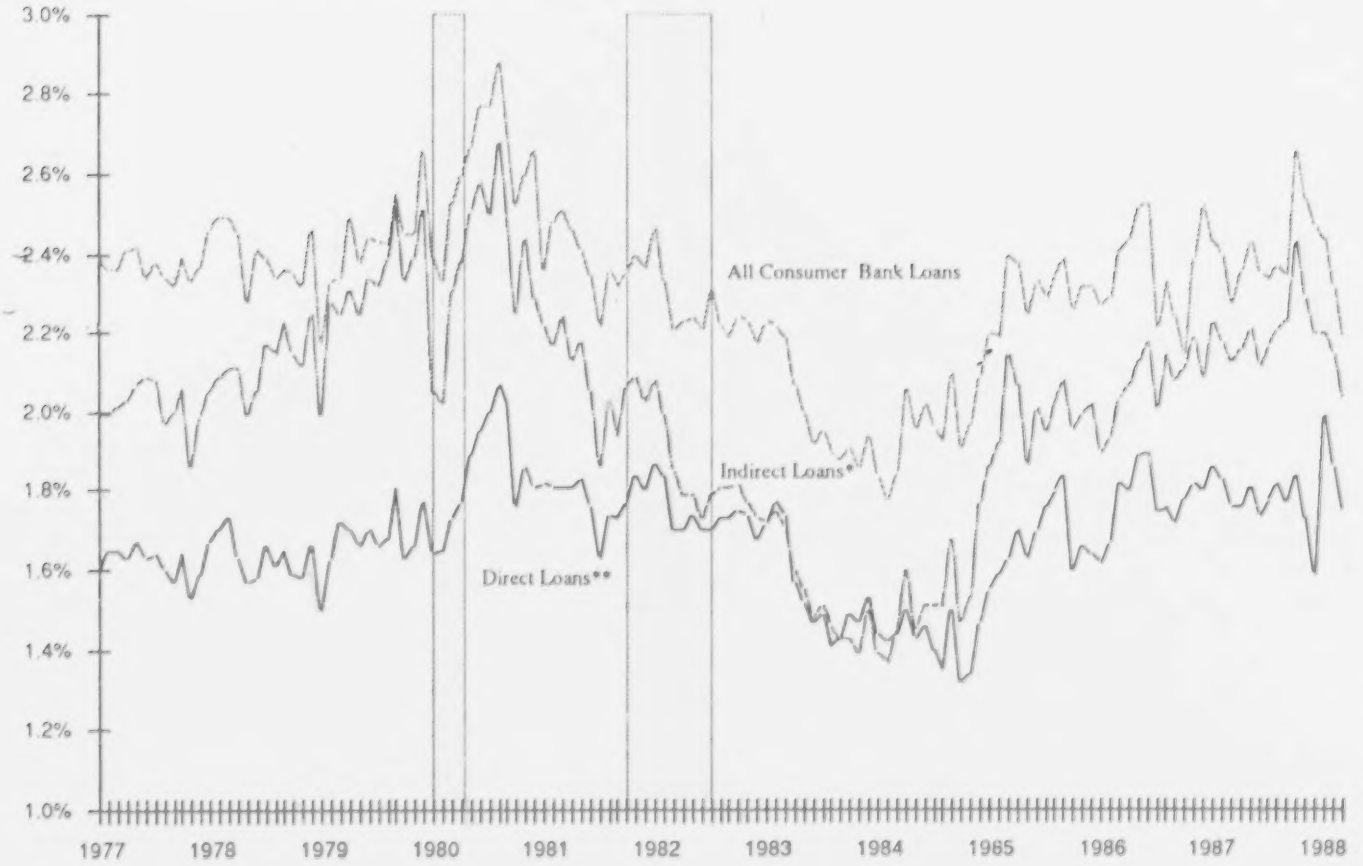

Data are from Tables 4 and 31. Shaded area denotes recession quarters.

LOAN 32 DELINQUENCY RATES FOR AUTOMOBILE CREDIT (Percent of loans 30+ days past due, seasonally adjusted)

| | Month | Commercial Bank Direct | Commercial Bank Indirect | Finance Company | | Month | Commercial Bank Direct | Commercial Bank Indirect | Finance Company | | Month | Commercial Bank Direct | Commercial Bank Indirect | Finance Company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1977- | J | 1.60% | 1.99% | 2.04% | 1981- | J | 1.82% | 2.22% | 2.09% | 1985- | J | 1.55% | 1.86% | 1.56% |
| | F | 1.65 | 1.99 | 2.02 | | F | 1.81 | 2.17 | 1.98 | | F | 1.59 | 1.92 | 1.52 |
| | M | 1.65 | 2.01 | 1.98 | | M | 1.81 | 2.24 | 1.89 | | M | 1.63 | 2.15 | 1.78 |
| | A | 1.63 | 2.03 | 2.05 | | A | 1.81 | 2.13 | 1.98 | | A | 1.70 | 2.07 | 1.70 |
| | M | 1.67 | 2.07 | 2.03 | | M | 1.83 | 2.18 | 2.14 | | M | 1.63 | 1.87 | 1.63 |
| | J | 1.63 | 2.09 | 2.10 | | J | 1.76 | 2.05 | 1.85 | | J | 1.70 | 2.01 | 1.64 |
| | J | 1.64 | 2.08 | 2.09 | | J | 1.63 | 1.86 | 1.82 | | J | 1.76 | 1.95 | 1.65 |
| | A | 1.60 | 1.97 | 2.11 | | A | 1.74 | 2.03 | 1.81 | | A | 1.80 | 2.03 | 1.82 |
| | S | 1.57 | 2.00 | 2.03 | | S | 1.73 | 1.94 | 1.72 | | S | 1.84 | 2.08 | 1.79 |
| | O | 1.64 | 2.06 | 2.24 | | O | 1.77 | 2.07 | 1.87 | | O | 1.60 | 1.96 | 1.74 |
| | N | 1.53 | 1.86 | 2.04 | | N | 1.84 | 2.09 | 1.81 | | N | 1.66 | 2.00 | 1.89 |
| | D | 1.59 | 1.99 | 2.07 | | D | 1.80 | 2.03 | 1.83 | | D | 1.64 | 2.02 | 1.93 |
| 1978- | J | 1.67 | 2.05 | 2.13 | 1982- | J | 1.87 | 2.08 | 1.89 | 1986- | J | 1.62 | 1.90 | 2.00 |
| | F | 1.70 | 2.09 | 2.24 | | F | 1.84 | 1.99 | 1.79 | | F | 1.67 | 1.94 | 1.90 |
| | M | 1.73 | 2.11 | 2.33 | | M | 1.70 | 1.85 | 1.64 | | M | 1.82 | 2.04 | 2.13 |
| | A | 1.63 | 2.11 | 2.17 | | A | 1.70 | 1.79 | 1.67 | | A | 1.80 | 2.07 | 1.99 |
| | M | 1.57 | 1.99 | 2.19 | | M | 1.74 | 1.79 | 1.65 | | M | 1.89 | 2.13 | 1.97 |
| | J | 1.58 | 2.05 | 2.19 | | J | 1.70 | 1.73 | 1.51 | | J | 1.90 | 2.18 | 1.95 |
| | J | 1.66 | 2.17 | 2.25 | | J | 1.70 | 1.79 | 1.60 | | J | 1.75 | 2.01 | 1.91 |
| | A | 1.61 | 2.15 | 2.23 | | A | 1.73 | 1.81 | 1.58 | | A | 1.76 | 2.15 | 1.97 |
| | S | 1.65 | 2.23 | 2.20 | | S | 1.73 | 1.81 | 1.68 | | S | 1.72 | 2.08 | 1.85 |
| | O | 1.59 | 2.15 | 2.20 | | O | 1.75 | 1.82 | 1.75 | | O | 1.78 | 2.11 | 1.84 |
| | N | 1.58 | 2.12 | 2.45 | | N | 1.74 | 1.77 | 1.59 | | N | 1.82 | 2.19 | 1.94 |
| | D | 1.66 | 2.25 | 2.14 | | D | 1.68 | 1.73 | 1.77 | | D | 1.80 | 2.09 | 1.90 |
| 1979- | J | 1.50 | 1.99 | 2.03 | 1983- | J | 1.72 | 1.72 | 1.52 | 1987- | J | 1.86 | 2.23 | 1.98 |
| | F | 1.63 | 2.28 | 2.12 | | F | 1.77 | 1.75 | 1.60 | | F | 1.83 | 2.18 | 1.88 |
| | M | 1.72 | 2.25 | 2.18 | | M | 1.74 | 1.71 | 1.60 | | M | 1.76 | 2.13 | 2.02 |
| | A | 1.70 | 2.31 | 2.21 | | A | 1.57 | 1.60 | 1.47 | | A | 1.76 | 2.16 | 1.77 |
| | M | 1.66 | 2.25 | 2.17 | | M | 1.52 | 1.55 | 1.37 | | M | 1.81 | 2.21 | 1.94 |
| | J | 1.70 | 2.34 | 2.37 | | J | 1.47 | 1.48 | 1.39 | | J | 1.74 | 2.12 | 1.86 |
| | J | 1.66 | 2.32 | 2.14 | | J | 1.49 | 1.51 | 1.38 | | J | 1.78 | 2.17 | 1.86 |
| | A | 1.68 | 2.39 | 2.20 | | A | 1.41 | 1.46 | 1.30 | | A | 1.82 | 2.21 | 1.94 |
| | S | 1.81 | 2.52 | 2.29 | | S | 1.43 | 1.43 | 1.33 | | S | 1.77 | 2.23 | 1.98 |
| | O | 1.63 | 2.33 | 2.30 | | O | 1.49 | 1.43 | 1.38 | | O | 1.84 | 2.43 | 1.97 |
| | N | 1.66 | 2.39 | 2.53 | | N | 1.47 | 1.39 | 1.36 | | N | 1.73 | 2.29 | 1.91 |
| | D | 1.77 | 2.51 | 2.55 | | D | 1.53 | 1.50 | 1.32 | | D | 1.59 | 2.20 | 1.91 |
| 1980- | J | 1.64 | 2.05 | 2.05 | 1984- | J | 1.44 | 1.39 | 1.49 | 1988- | J | 1.99 | 2.20 | 2.14 |
| | F | 1.65 | 2.02 | 2.16 | | F | 1.42 | 1.37 | 1.27 | | F | 1.86 | 2.15 | 2.12 |
| | M | 1.73 | 2.30 | 2.11 | | M | 1.44 | 1.45 | 1.34 | | M | 1.75 | 2.04 | 2.02 |
| | A | 1.77 | 2.38 | 2.19 | | A | 1.50 | 1.60 | 1.36 | | A | 1.88 | 2.25 | 2.22 |
| | M | 1.89 | 2.51 | 2.65 | | M | 1.43 | 1.45 | 1.31 | | M | 1.90 | 2.26 | 2.21 |
| | J | 1.95 | 2.58 | 2.52 | | J | 1.46 | 1.51 | 1.36 | | J | 1.89 | 2.33 | 2.21 |
| | J | 2.00 | 2.50 | 2.45 | | J | 1.40 | 1.51 | 1.34 | | J | 1.86 | 2.35 | 2.22 |
| | A | 2.07 | 2.68 | 2.31 | | A | 1.35 | 1.51 | 1.32 | | A | 1.81 | 2.23 | 2.16 |
| | S | 2.02 | 2.49 | 2.20 | | S | 1.50 | 1.68 | 1.34 | | S | 1.77 | 2.31 | 2.27 |
| | O | 1.76 | 2.25 | 2.28 | | O | 1.32 | 1.47 | 1.40 | | O | 2.06 | 2.67 | 2.32 |
| | N | 1.86 | 2.44 | 2.14 | | N | 1.34 | 1.53 | 1.52 | | N | 1.96 | 2.44 | 2.24 |
| | D | 1.81 | 2.29 | 2.21 | | D | 1.47 | 1.77 | 1.49 | | D | 1.92 | 2.46 | 2.39 |

Source: American Bankers Association and Federal Reserve Board of Governors.

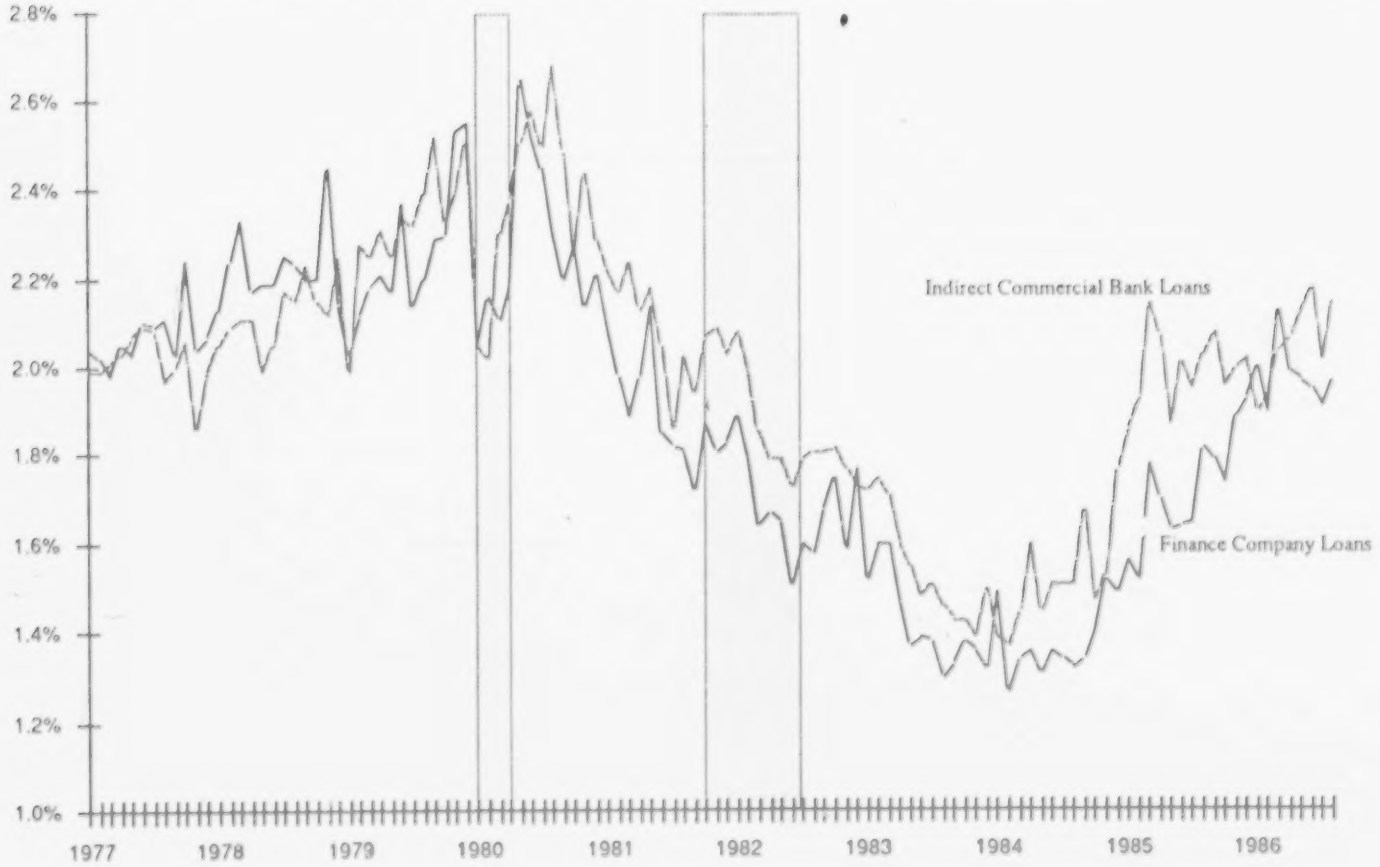
Chart 14. DELINQUENCY RATES FOR AUTOMOBILE CREDIT
(Percent of loans 30+ days past due, seasonally adjusted)




Data are from Table 32.

* Delinquency rate for commercial bank indirect automobile credit
** Delinquency rate for commecial bank direct automobile credit

Chart 15. DELINQUENCY RATE FOR AUTOMOBILE CREDIT - INDIRECT BANK AND FINANCE CO. LOANS
(Percent of loans 30+ days past due, seasonally adjusted)




Data are from Table 32.

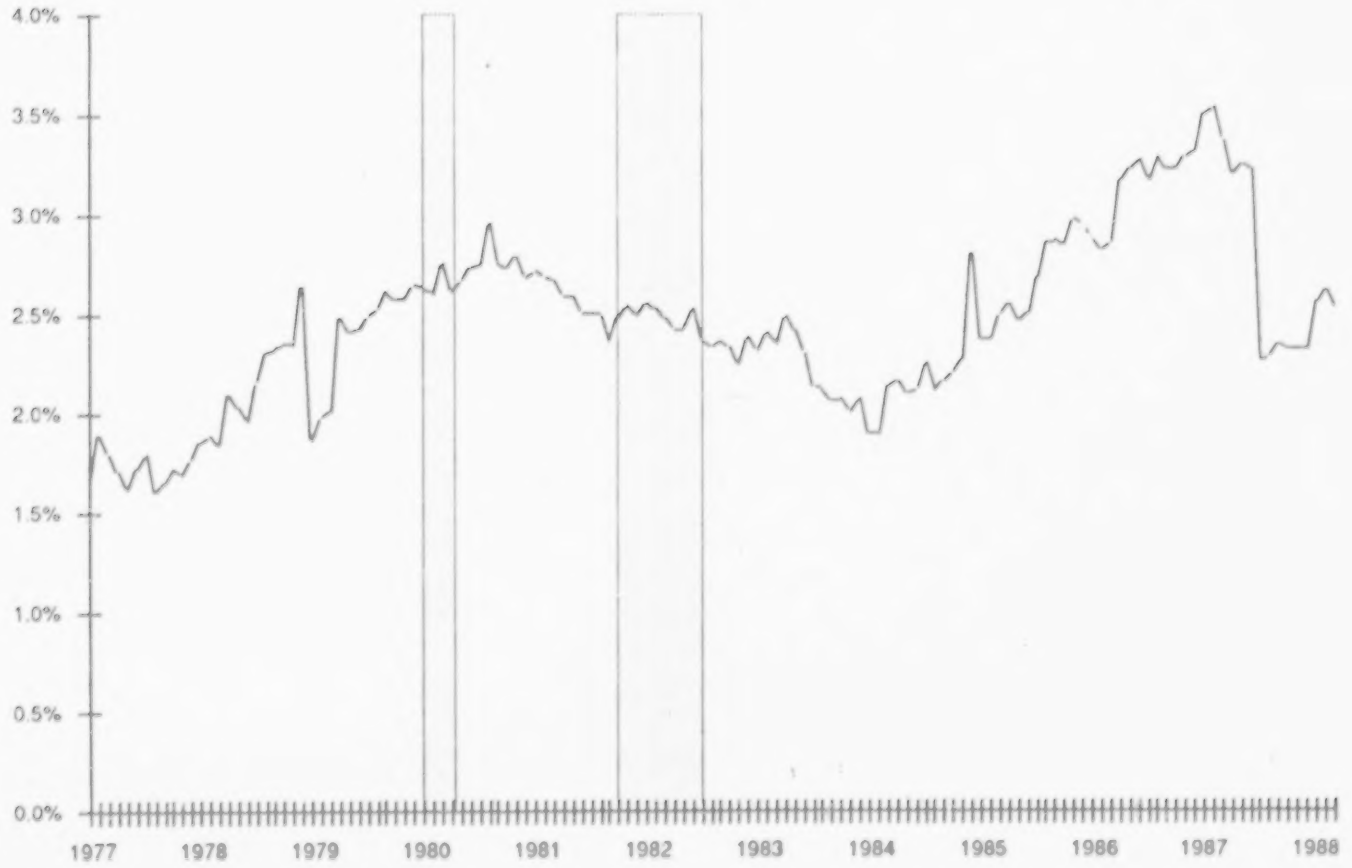
Table 33. BANK CREDIT CARD DELINQUENCY RATES (Percent of accounts past due 30+ days, seasonally adjusted)

| | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|---|
| J | 1.66% | 1.86% | 1.87% | 2.63% | 2.72% | 2.56% |
| F | 1.89 | 1.89 | 1.98 | 2.61 | 2.69 | 2.53 |
| M | 1.80 | 1.84 | 2.01 | 2.76 | 2.67 | 2.48 |
| A | 1.71 | 2.09 | 2.49 | 2.62 | 2.59 | 2.43 |
| M | 1.62 | 2.03 | 2.41 | 2.67 | 2.59 | 2.44 |
| J | 1.73 | 1.96 | 2.43 | 2.73 | 2.51 | 2.53 |
| J | 1.80 | 2.16 | 2.50 | 2.75 | 2.51 | 2.37 |
| A | 1.60 | 2.31 | 2.53 | 2.96 | 2.50 | 2.34 |
| S | 1.65 | 2.33 | 2.62 | 2.76 | 2.37 | 2.37 |
| O | 1.72 | 2.35 | 2.58 | 2.73 | 2.49 | 2.34 |
| N | 1.69 | 2.34 | 2.58 | 2.79 | 2.54 | 2.25 |
| D | 1.77 | 2.64 | 2.65 | 2.69 | 2.50 | 2.39 |

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|---|
| J | 2.32% | 1.90% | 2.38% | 2.88% | 3.51% | 2.57% |
| F | 2.41 | 1.89 | 2.38 | 2.83 | 3.54 | 2.63 |
| M | 2.36 | 2.14 | 2.51 | 2.86 | 3.38 | 2.54 |
| A | 2.50 | 2.17 | 2.56 | 3.17 | 3.21 | 2.35 |
| M | 2.42 | 2.11 | 2.47 | 3.24 | 3.26 | 2.41 |
| J | 2.31 | 2.13 | 2.51 | 3.28 | 3.23 | 2.42 |
| J | 2.14 | 2.26 | 2.69 | 3.18 | 2.27 | 2.27 |
| A | 2.12 | 2.12 | 2.87 | 3.29 | 2.29 | 2.22 |
| S | 2.07 | 2.17 | 2.88 | 3.23 | 2.36 | 2.14 |
| O | 2.08 | 2.21 | 2.85 | 3.23 | 2.33 | 2.17 |
| N | 2.01 | 2.27 | 2.98 | 3.29 | 2.33 | 2.18 |
| D | 2.08 | 2.81 | 2.95 | 3.32 | 2.33 | 2.19 |

Source: "Consumer Credit Delinquency Bulletin," American Bankers Association, 1120 Connecticut Ave., N.W. Washington, DC 20036.

Chart 16. BANK CARD DELINQUENCY RATES (Percent of accounts past due 30+ days, seasonally adjusted)




Data are from Table 33.

Table 34 TRADITIONAL HOME EQUITY DELINQUENCY RATES AT COMMERCIAL BANKS
(Closed-end only, past due 30+ days, not seasonally adjusted)

| Year | Month | Rate | Year | Month | Rate | Year | Month | Rate |
|---|---|---|---|---|---|---|---|---|
| 1983 | J | na | 1985 | J | 2.08% | 1987 | J | 1.67% |
| | F | na | | F | 2.09 | | F | 1.70 |
| | M | na | | M | 2.07 | | M | 1.66 |
| | A | na | | A | 1.84 | | A | 1.86 |
| | M | na | | M | 1.82 | | M | 1.89 |
| | J | na | | J | 1.81 | | J | 1.76 |
| | J | na | | J | 1.95 | | J | 1.62 |
| | A | na | | A | 1.91 | | A | 1.70 |
| | S | na | | S | 2.03 | | S | 1.69 |
| | O | 1.85 | | O | 1.81 | | O | 1.95 |
| | N | 1.97 | | N | 1.86 | | N | 1.98 |
| | D | 1.94 | | D | 2.06 | | D | 2.01 |
| 1984 | J | 1.80 | 1986 | J | 1.86 | 1988 | J | 2.05 |
| | F | 1.71 | | F | 1.94 | | F | 1.95 |
| | M | 1.59 | | M | 1.95 | | M | 1.77 |
| | A | 1.57 | | A | 2.06 | | A | 1.75 |
| | M | 1.61 | | M | 2.05 | | M | 1.81 |
| | J | 1.57 | | J | 2.00 | | J | 1.68 |
| | J | 1.67 | | J | 1.84 | | J | 1.80 |
| | A | 1.67 | | A | 1.82 | | A | 1.86 |
| | S | 1.74 | | S | 1.89 | | S | 1.86 |
| | O | 1.56 | | O | 1.66 | | O | 1.72 |
| | N | 1.62 | | N | 1.79 | | N | 1.77 |
| | D | 1.77 | | D | 1.85 | | D | 1.86 |

Source: "Consumer Credit Delinquency Bulletin," American Bankers Association.

C. Personal Bankruptcy

After fluctuating widely, but with no clear trend during most of the 1970s, the number of personal bankruptcies surged upward for three consecutive years, rising from about 228,000 estates (individuals) in 1979 to 450,000 by 1982. Part of this increase was probably due to the revisions of the federal bankruptcy statutes in 1979. The revisions lowered the cost to an individual filing for bankruptcy relief by increasing the number of assets that were exempt from liquidation in the bankruptcy process. Another factor contributing to the increase in bankruptcies was the cyclical downturn in the economy, with back-to-back recessions between 1980 and 1982 causing unemployment to rise from 6% to over 10%.

An economic growth began anew, bankruptcies actually fell in 1983 and 1984. However, in 1985, bankruptcies once again surged upward. Bankruptcies rose by 20% in 1986 and 1987, followed by a 10% increase in 1988. The continued growth of bankruptcies during this period has puzzled economists, given the simultaneous growth in disposable income. The Federal Reserve Surveys of Consumer Finances in 1983 and 1986 show a large increase in the proportion of debt that was held by people with high ratios of debt to income (40% or higher). Households in this heavy-debt category held 7% of consumer debt reported by households in the 1983 survey. Those in the heavy debt category in 1986 held 16% of all consumer debt. Analysts have interpreted this shift as a sign that the pool of potential bankrupts has become larger, a trend that may explain the increase in bankruptcy petitions.[1]

Other explanatory factors have probably influenced the number of filings, but the magnitude is much harder to document. These factors include change's in consumers' attitudes toward bankruptcy (reduction in the social stigma of filing), the extension of consumer credit to broader risk categories of borrowers, attorney advertising, and a wider awareness of the improvement in consumer net worth that may be achieved through filing for bankruptcy.

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[1]Charles A. Luckett, "Personal Bankruptcies," Federal Reserve Bulletin, September, 1988, pp 591-603.

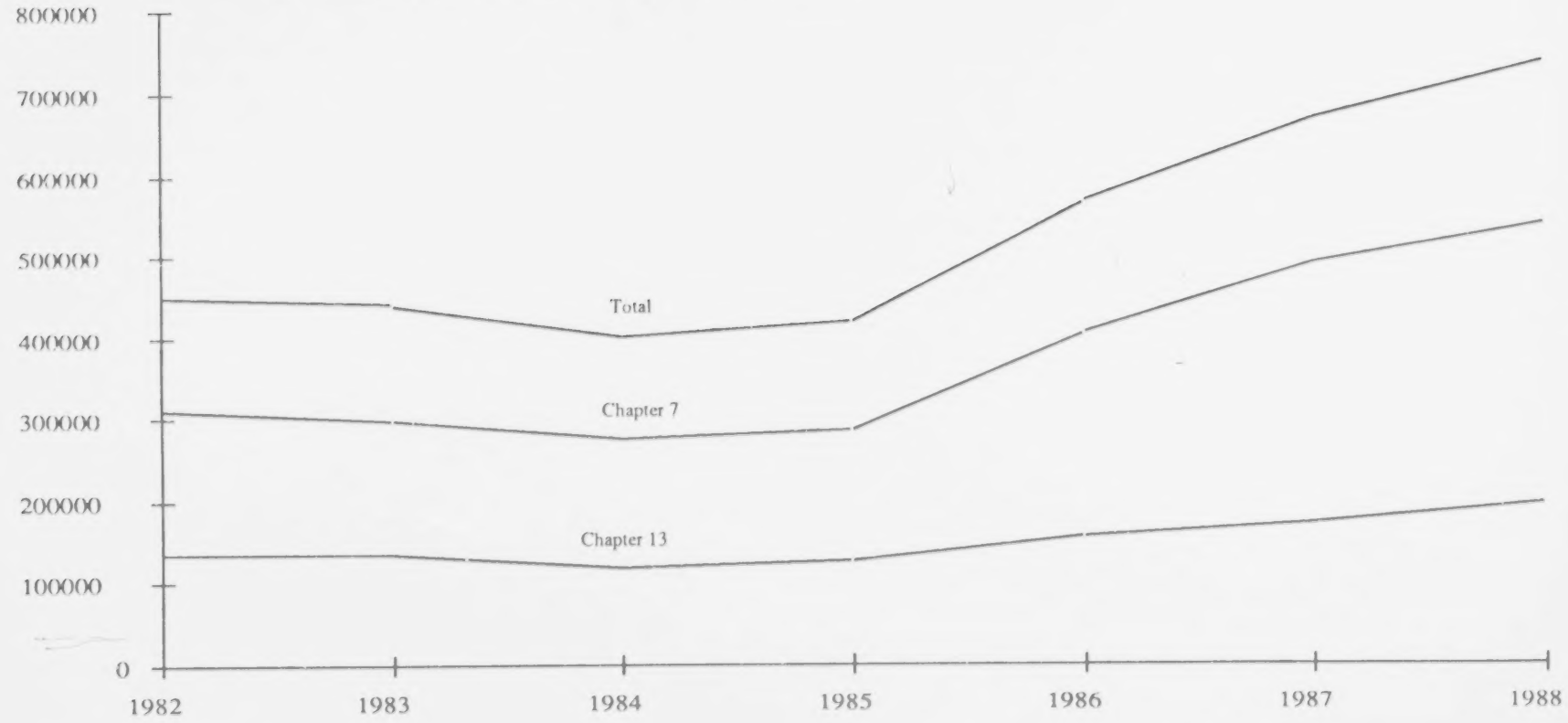
Table 35. TOTAL NUMBER OF ESTATES IN NONBUSINESS BANKRUPTCY, FISCAL YEARS ENDING JUNE 30, 1946-1988[1]

| Year | Estates | Year | Estates |
|---|---|---|---|
| 1946 | 8,566 | 1968 | 181,266 |
| 1947 | 10,234 | 1969 | 169,500 |
| 1948 | 13,537 | 1970 | 178,202 |
| 1949 | 19,144 | 1971 | 182,249 |
| 1950 | 25,040 | 1972 | 164,739 |
| 1951 | 27,806 | 1973 | 155,707 |
| 1952 | 28,331 | 1974 | 168,766 |
| 1953 | 33,315 | 1975 | 224,354 |
| 1954 | 44,248 | 1976 | 193,733 |
| 1955 | 50,219 | 1977 | 176,560 |
| 1956 | 52,608 | 1978 | 179,233 |
| 1957 | 63,617 | 1979 | 228,532 |
| 1958 | 80,265 | 1980 | 409,798 |
| 1959 | 88,943 | 1981 | 452,145 |
| 1960 | 97,750 | 1982 | 449,396 |
| 1961 | 131,402 | 1983 | 439,868 |
| 1962 | 132,402 | 1984 | 400,987 |
| 1963 | 139,190 | 1985 | 420,494 |
| 1964 | 155,209 | 1986 | 568,942 |
| 1965 | 163,413 | 1987 | 670,958 |
| 1966 | 175,924 | 1988 | 742,022 |
| 1967 | 191,729 | | |

[1] The Bankruptcy Reform Act of 1978 became effective October 1,1979. Prior to that date, a husband and wife filing for bankruptcy were required to file separately. Each filing was equal to one estate. The Bankruptcy Reform Act permits spouses to file jointly. In such cases one filing is equal to two estates. To compare levels of nonbusiness bankruptcies over time on a consistent basis, it is, therefore, desirable to use estates rather than filings.

Source: U.S. Administrative Office of the U.S. Courts, Statistical Analysis and Reports Division.

Chart 17. ESTATES IN CHAPTER 7 AND CHAPTER 13 BANKRUPTCY




Data are from Tables 36.

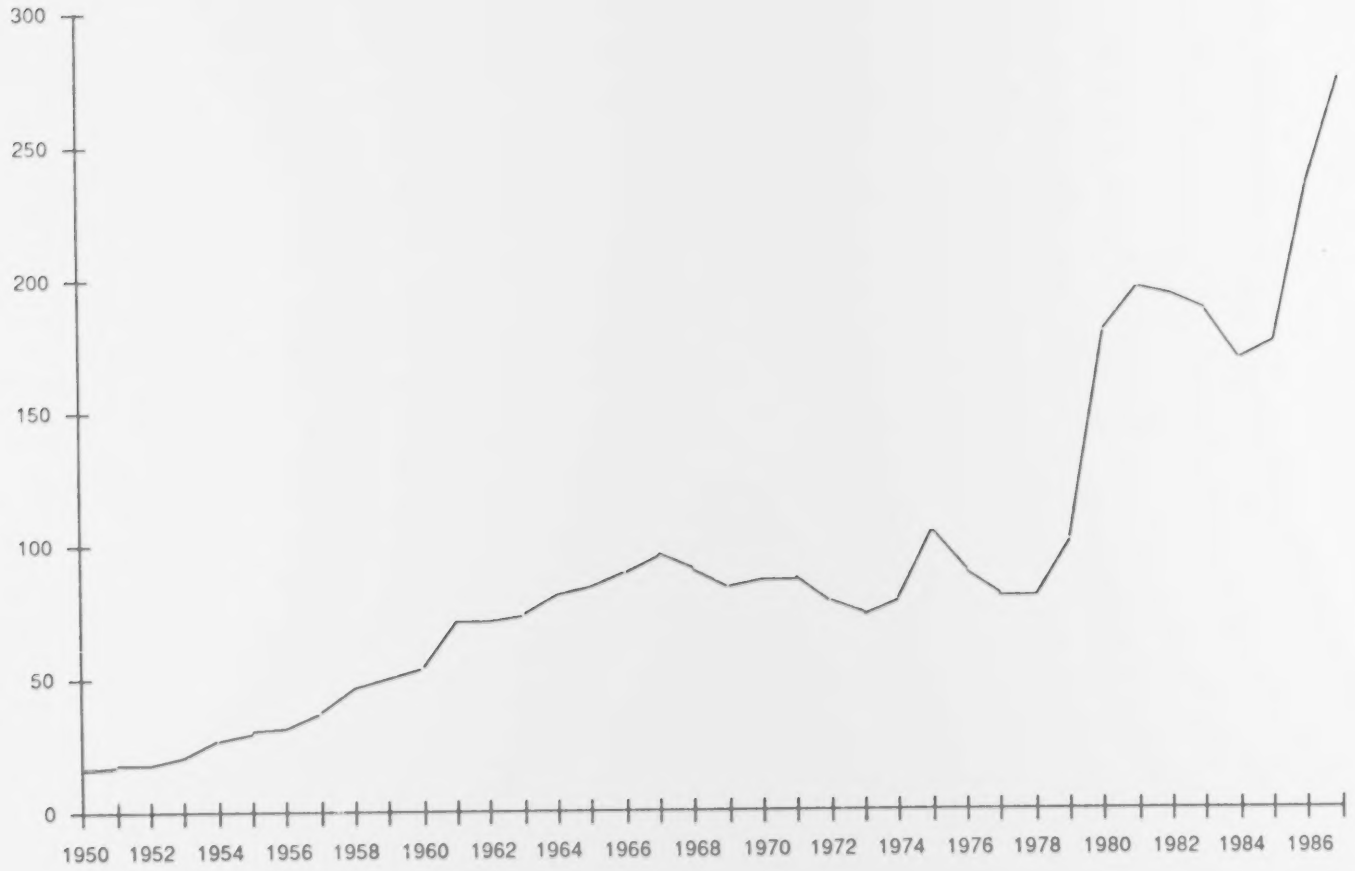
Table 36. NUMBER OF ESTATES IN CHAPTER 7 AND CHAPTER 13 AND TOTAL NONBUSINESS BANKRUPTCIES, FISCAL YEARS ENDING JUNE 30, 1982-1988[1]

| Year | Estates in Chapter 7 | Estates in Chapter 13 | Total |
|---|---|---|---|
| 1982 | 312,486 | 134,966 | 449,396 |
| 1983 | 298,822 | 136,882 | 439,868 |
| 1984 | 277,265 | 119,888 | 400,987 |
| 1985 | 288,071 | 127,986 | 420,494 |
| 1986 | 406,656 | 157,658 | 568,942 |
| 1987 | 492,506 | 173,856 | 670,958 |
| 1988 | 540,811 | 198,080 | 742,022 |

[1] There are two basic ways that a consumer can file for personal bankruptcy: Chapter 7, under which a debtor may discharge his debts by having his assets, less exemptions, liquidated; or Chapter 13, whereby the debtor may repay all or a portion of his debts over an extended period of time, usually not exceeding 36 months. Data for the total annual number of nonbusiness estates also include a small number of Chapter 11 estates, typically less than one percent of total nonbusiness estates. Chapter 11 filings in the second quarter of 1988 amounted to 0.4 of one percent of total nonbusiness filings.

Source: U.S. Administrative Office of the U.S. Courts, Statistical Analysis and Reports Division.

Chart 18. ESTATES IN PERSONAL BANKRUPTCY PER 100,000 POPULATION IN THE U.S.




Data are from Table 35 and Table A6.

Table 37. NUMBER OF NONBUSINESS BANKRUPTCY PETITIONS FILED - JULY 1 THROUGH JUNE 30, 1981-1988 BY STATE

| State | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|---|---|---|
| AL | 9708 | 10065 | 9811 | 8870 | 9871 | 12964 | 14905 | 17125 |
| AK | 205 | 155 | 171 | 193 | 293 | 545 | 936 | 1070 |
| AZ | 3412 | 3434 | 3781 | 3403 | 3822 | 5213 | 8463 | 11052 |
| AR | 2308 | 2372 | 2454 | 2605 | 3290 | 3975 | 4819 | 5197 |
| CA | 43217 | 49033 | 54769 | 52261 | 52012 | 68687 | 80978 | 87876 |
| CO | 5090 | 4229 | 4540 | 4078 | 4955 | 7478 | 9689 | 12531 |
| CT | 2091 | 2290 | 2011 | 1555 | 1488 | 1937 | 2020 | 2199 |
| DE | 528 | 491 | 416 | 378 | 408 | 491 | 443 | 591 |
| DC | 667 | 643 | 704 | 561 | 585 | 741 | 1003 | 1048 |
| FL | 5644 | 6171 | 6348 | 5773 | 6972 | 11545 | 15839 | 18292 |
| GA | 10517 | 11216 | 11677 | 10878 | 12685 | 17192 | 20396 | 23426 |
| GUAM | 35 | 18 | 29 | 19 | 33 | 36 | 35 | 46 |
| HI | 546 | 527 | 411 | 381 | 363 | 529 | 761 | 777 |
| ID | 1784 | 2031 | 1761 | 1508 | 1730 | 2495 | 3163 | 3352 |
| IL | 23869 | 22035 | 21318 | 21008 | 21769 | 26884 | 27444 | 28023 |
| IN | 12631 | 11700 | 11357 | 10905 | 10837 | 14544 | 16109 | 17384 |
| IA | 3241 | 2595 | 2109 | 2157 | 2717 | 3786 | 3896 | 3750 |
| KS | 3863 | 3649 | 3704 | 3456 | 3746 | 5146 | 5806 | 6014 |
| KY | 7147 | 6361 | 5751 | 5803 | 6068 | 8111 | 8645 | 9379 |
| LA | 4448 | 4594 | 5515 | 5481 | 6340 | 9554 | 11849 | 11709 |
| ME | 753 | 658 | 488 | 442 | 449 | 612 | 622 | 712 |
| MD | 4897 | 3603 | 4060 | 3176 | 3500 | 5031 | 5474 | 7050 |
| MA | 2936 | 2799 | 2439 | 1864 | 1602 | 1838 | 2147 | 2407 |
| MI | 13503 | 12424 | 11003 | 8086 | 7145 | 9271 | 11920 | 13900 |
| MN | 4392 | 4385 | 3546 | 3405 | 3930 | 6130 | 7173 | 8428 |
| MS | 4873 | 5015 | 4757 | 4237 | 4501 | 5401 | 6864 | 8253 |
| MO | 6575 | 6436 | 5337 | 5471 | 5617 | 7430 | 7759 | 9040 |
| MT | 930 | 854 | 735 | 751 | 776 | 1085 | 1197 | 1321 |
| NE | 2367 | 1926 | 1631 | 1817 | 2106 | 2748 | 2361 | 2532 |
| NV | 2166 | 2067 | 2312 | 2200 | 2324 | 3357 | 4450 | 5155 |
| NH | 590 | 636 | 413 | 381 | 394 | 430 | 446 | 557 |
| NJ | 5905 | 7134 | 7375 | 5873 | 5592 | 6556 | 6611 | 7409 |
| NM | 1309 | 1158 | 1364 | 1327 | 1287 | 1734 | 2241 | 2412 |
| NY | 21296 | 18376 | 14327 | 11714 | 11595 | 13747 | 14617 | 16837 |
| NC | 7559 | 6150 | 5131 | 3880 | 4529 | 6459 | 7047 | 7047 |
| ND | 386 | 401 | 339 | 307 | 369 | 681 | 884 | 863 |
| OH | 25543 | 24130 | 20580 | 17612 | 17182 | 21248 | 23967 | 27552 |
| OK | 4121 | 3558 | 4591 | 5388 | 5493 | 8246 | 12119 | 12079 |
| OR | 4439 | 4547 | 4316 | 4746 | 4703 | 6666 | 7448 | 8735 |
| PA | 8622 | 11126 | 9958 | 7715 | 8371 | 10811 | 10927 | 12082 |
| PR | 433 | 994 | 1484 | 1110 | 989 | 1750 | 2112 | 2975 |
| RI | 862 | 863 | 813 | 655 | 616 | 777 | 810 | 806 |
| SC | 1373 | 1850 | 1848 | 1666 | 2055 | 3331 | 3938 | 3695 |
| SD | 366 | 408 | 362 | 614 | 393 | 512 | 686 | 811 |
| TN | 12617 | 13349 | 12865 | 12297 | 13355 | 17851 | 20457 | 24532 |
| TX | 7504 | 7533 | 8791 | 9130 | 11235 | 19031 | 28480 | 32133 |
| UT | 2794 | 2312 | 2617 | 2364 | 2835 | 3810 | 4968 | 5974 |
| VT | 189 | 182 | 141 | 136 | 143 | 182 | 232 | 255 |
| VI | 11 | 12 | 4 | 18 | 12 | 15 | 14 | 10 |
| VA | 8717 | 8233 | 7515 | 7059 | 7727 | 10057 | 11926 | 12825 |
| WA | 7004 | 7030 | 7493 | 7782 | 9554 | 13376 | 14649 | 15099 |
| WV | 1822 | 1886 | 1757 | 1474 | 1475 | 1993 | 2242 | 2706 |
| WI | 4669 | 5422 | 5444 | 5621 | 5489 | 6748 | 7875 | 7761 |
| WY | 440 | 377 | 443 | 512 | 558 | 808 | 1137 | 1272 |
| TOTAL | 312914 | 311443 | 304916 | 282105 | 297885 | 401575 | 473000 | 526066 |

Source: Bankruptcy Division, Administrative Office of the U. S. District Courts

Table 38. BANKRUPTCY ESTATES PER POPULATION, BY STATE (annual rate for fiscal year ending June 30, 1988)[1]

| State | Rate | Percentage Chapter 7 | State | Rate | Percentage Chapter 7 |
|---|---|---|---|---|---|
| AL | 784.1 | 46.6% | MT | 341.7 | 90.1% |
| AK | 414.6 | 89.2 | NE | 317.8 | 74.9 |
| AZ | 706.3 | 84.5 | NV | 1025.4 | 74.2 |
| AR | 451.5 | 53.8 | NH | 96.5 | 89.3 |
| CA | 600.2 | 75.6 | NJ | 166.6 | 67.2 |
| CO | 770.8 | 75.7 | NM | 363.9 | 93.4 |
| CT | 117.0 | 92.4 | NY | 187.5 | 81.9 |
| DE | 177.4 | 81.8 | NC | 221.2 | 36.8 |
| FL | 287.4 | 91.0 | ND | 277.7 | 95.9 |
| GA | 708.7 | 50.8 | OH | 495.7 | 76.2 |
| HI | 136.5 | 87.9 | OK | 779.4 | 93.0 |
| ID | 783.6 | 71.3 | OR | 642.0 | 79.3 |
| IL | 439.2 | 77.2 | PA | 185.5 | 68.7 |
| IN | 628.0 | 82.5 | RI | 135.4 | 85.3 |
| IA | 267.1 | 94.2 | SC | 219.4 | 82.9 |
| KS | 504.4 | 83.7 | SD | 250.6 | 91.4 |
| KY | 509.6 | 83.0 | TN | 912.8 | 41.5 |
| LA | 567.7 | 73.3 | TX | 425.2 | 64.8 |
| ME | 114.5 | 83.0 | UT | 864.1 | 62.6 |
| MD | 275.2 | 68.5 | VT | 88.0 | 95.8 |
| MA | 68.8 | 82.6 | VA | 411.1 | 82.9 |
| MI | 278.6 | 75.7 | WA | 674.6 | 79.4 |
| MN | 382.8 | 77.1 | WI | 311.0 | 84.5 |
| MS | 643.3 | 59.7 | WV | 298.1 | 93.2 |
| MO | 343.3 | 79.9 | | | |

Source: Bankruptcy Division, Administrative Office of the U. S. District Courts

[1]Enteries in the table were calculated by dividing total bankrupt estates (Chapter 7 and Chapter 13) by the total population in the state that was 18 years of age or older. The resulting figure was converted to a rate per hundred thousand. See Appendix A-6 for population data.

## Section 4. Home Equity Loans

Because it is secured by real estate, home equity credit is not classified as consumer installment credit in the Federal Reserve Board's statistics. However, home equity lending has accelerated in the last five years, becoming an increasingly important source of funds for financing consumer purchases.

Home equity loans are of two types. The traditional home equity loan, often called a "second mortgage," is a closed-end loan with a specified number of monthly installment payments. More recently, a revolving line of credit called a "home equity line of credit" (HELC) has rapidly gained popularity. The account allows borrowers to draw on a credit line repeatedly, much like a credit card. Monthly payments vary in size according to the amount currently outstanding on the account.

The Federal Reserve Board estimates that, at the end of 1988, about $75 billion was owed on HELC accounts.[1] The volume of traditional home equity credit outstanding is more difficult to determine. However, the Fed estimates that between $135 billion and $190 billion was outstanding at the end of 1988.

Surveys sponsored by the Federal Reserve Board in late 1988 reveal that about 11% of all homeowners (roughly 6.5 million households) had some form of home equity loan. This contrasts with 5.4% of homeowners in 1977 and 6.8% in 1983. Home equity loan holders in 1988 were about evenly split between the two types of loans. About 5.3% of homeowners possessed a traditional home equity loan, and 5.6% of all homeowners had a home equity line of credit. The proportion in the latter category has not changed appreciably since 1977. Almost all of the growth in the total amount of home equity lending has been in the HELC accounts.

Several factors explain the rapid expansion in home equity credit. Perhaps the most important is the Tax Reform Act of 1986, which initiated the gradual removal of federal income tax deductions of non-mortgage interest. The deductability of interest was preserved for loans secured by residential real estate, which includes both primary and secondary mortgages, and credit lines secured by home equity. Consequently, for those homeowners with sufficient home equity, a home equity loan offers a means to reduce the cost of consumer credit by substituting credit secured by their home in place of credit cards and traditional consumer installment loans.

The growth in HELC accounts relative to traditional home equity loans is not surprising. For those seeking tax advantages by altering their source of consumer credit, the HELC account offers much greater flexibility than a traditional home equity loan, because it can be repeatedly tapped. Since 1986, financial institutions have heavily promoted HELC accounts, providing consumers ample opportunity to apply. In many markets, competition reduced or eliminated the closing fees normally associated with real estate appraisal, which spurred even more rapid growth in the number of existing lines.

Home equity loans in general carry lower interest rates than consumer loans, particularly relative to credit cards. However, from 1986 to 1988, interest rates on HELCs were even lower than on traditional home equity loans. This is because the traditional loan rate is typically a function of long-term interest rates, consistent with a five to ten year amortization period. In contrast, the vast majority of HELCs carry an adjustable interest rate which is tied to a short-term index. From 1986 to 1988, short-term rates were 100 to 200 basis points below the long-term rates on traditional loans, giving HELCs an additional price advantage. However, by early 1989 this advantage was reduced as short-term interest rates began to rise. Whether HELC growth will continue to exceed that for traditional loans remains to be seen.

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[1] Glen B. Canner, Charles A. Luckett, and Thomas A. Durkin, "Home Equity Lending," Federal Reserve Bulletin, May 1989, pp 333-344.

Table 39. HOMEOWNERS WITH HOME EQUITY LOANS, 1988

| Debt Status | Home Equity[1] Mean | Home Equity[1] Median | 1987 Family Income Mean | 1987 Family Income Median | Median Age | Education (median grade) |
|---|---|---|---|---|---|---|
| No mortgage debt | $ 84,925 | $ 60,000 | $ 25,920 | $ 23,000 | 65 | 12 |
| First mortgage only | 59,886 | 35,000 | 41,266 | 38,000 | 41 | 14 |
| Home equity line of credit | 139,779 | 83,000 | 56,537 | 51,000 | 47 | 15 |
| Traditional home equity loan | 93,163 | 43,000 | 49,453 | 43,000 | 46 | 14 |
| All homeowners | 75,643 | 50,000 | 36,359 | 32,500 | 50 | 14 |

[1] Home equity consists of the market value of the home less all debts secured by the home, including balances outstanding on equity lines of credit and traditional home equity loans.

Source: Glenn B. Canner, Charles A. Luckett and Thomas A. Durkin, "Home Equity Lending," Federal Reserve Bulletin, May 1989, p. 336

Table 40. OUTSTANDING BALANCES ON HOME EQUITY LOANS, 1988
(Percentage of acount holders)

| Outstanding Balance | Home Equity Line | Traditional Home Equity Loan |
|---|---|---|
| None | 41% | - |
| $1- $9,999 | 27 | 34% |
| 10,000 - 24,999 | 23 | 41 |
| 25,000 or more | 9 | 25 |
| Total | 100% | 100% |
| Mean ($) | 12,983 | 19,036 |
| Median ($) | 10,000 | 15,000 |

Source: "Home Equity Lending," Federal Reserve Bulletin, May 1989.

Table 41. DISTRIBUTION OF HOME EQUITY LOANS BY SOURCE OF CREDIT, 1988

| Source | Home Equity Line | Traditional Home Equity Loan |
|---|---|---|
| Commercial banks | 54% | 33% |
| Thrift institutions[1] | 31 | 27 |
| Credit unions | 11 | 8 |
| Other creditors[2] | 4 | 32 |
| Total | 100% | 100% |

[1] Savings and loan associations and savings banks.
[2] Includes finance and loan companies and brokerage firms.

Source: "Home Equity Lending," Federal Reserve Bulletin, May 1989.

Table 42. USES OF HOME EQUITY LOANS, 1988

| | Home Equity Line | | Traditional Home Equity Loan |
|---|---|---|---|
| | First Use[1] | All Later Uses[2] | |
| Pay off other debt | 40% | 7% | 35% |
| Home improvement | 38 | 19 | 45 |
| Automobile purchase | 7 | 16 | 5 |
| Education | 11 | 13 | 1 |
| Real Estate | 10 | 21 | 16 |
| Medical | 3 | 2 | 0 |
| Business | 4 | 7 | 6 |
| Vacation | 1 | 11 | 0 |
| Other[3] | 11 | 23 | 5 |

[1] Percentages add to more than 100 because some of the account holders reported more than one type of first use.

[2] Percentages add to less than 100 because some of the account holders reported only a first use.

[3] Includes purchases of furniture or appliances, tax payments, personal financial investments, and purchases of boats or other recreational equipment.

Source: "Home Equity Lending," Federal Reserve Bulletin, May 1989.

Table 43. HOME EQUITY LINES AT COMMERCIAL BANKS, 1987

| | Bank Assets in Millions of Dollars | | | | |
|---|---|---|---|---|---|
| | Under 100 | 100-300 | 300-1000 | 1000-5000 | Over 5000 |
| **New Accounts** | | | | | |
| # of variable rate applications processed[1] | 17 | 59 | 360 | 1229 | 4668 |
| Percentage approved | 95% | 90% | 90% | 74% | 80% |
| Percent of approved applications closed | 100% | 98% | 95% | 90% | 70% |
| **Account Characteristics** | | | | | |
| Types of Interest | | | | | |
| Variable rate | 83% | 84% | 90% | 85% | 86% |
| Fixed rate | 3 | 7 | 3 | 2 | 1 |
| Both | 14 | 9 | 7 | 13 | 13 |
| Method of Accessing Home Equity Line[2] | | | | | |
| Checking account | 76% | 85% | 66% | 57% | 50% |
| NOW account | 6 | 4 | 5 | 17 | -- |
| Credit cards | 6 | 5 | 5 | 17 | 48 |
| Other | 21 | 21 | 34 | 40 | 53 |
| Index for Adjusting Variable Rate Line | | | | | |
| Prime | 69% | 64% | 71% | 68% | 64% |
| T-Bill | 16 | 16 | 17 | 15 | 12 |
| Other | 15 | 20 | 12 | 17 | 24 |
| Contractual Interest Ceiling | | | | | |
| Yes, on loans made after 12/9/87 | 23% | 36% | 43% | 33% | 57% |
| Yes, all loans | 56 | 39 | 43 | 59 | 29 |
| No | 21 | 25 | 14 | 8 | 14 |
| Interest Adjustment Cap[3] | | | | | |
| Annual adjustment cap | 7% | 3% | 8% | 3% | -- |
| Life adjustment cap | 15 | 21 | 21 | 23 | 27 |
| Frequency of Adjustment | | | | | |
| Monthly | 52% | 56% | 60% | 58% | 64% |
| Quarterly | 12 | 18 | 12 | 16 | 21 |
| Other | 36 | 26 | 28 | 26 | 14 |
| **Account Usage** | | | | | |
| Average Proportion of Home Equity Lines Used | 65% | 58% | 55% | 55% | 54% |
| Uses[4] | | | | | |
| Home improvements | 40% | 30% | 30% | 30% | 30% |
| Debt consolidation | 25 | 30 | 26 | 30 | 30 |
| Investment | 10 | 10 | 10 | 10 | 10 |
| Tuition | 10 | 10 | 10 | 10 | 10 |
| Automobiles | 20 | 10 | 10 | 10 | 6 |
| Medical bills | 8 | 5 | 8 | 5 | 5 |
| Vacation | 5 | 5 | 8 | 5 | 5 |
| Other | 29 | 20 | 13 | 12 | 20 |
| **Number of Banks in Sample** | 263 | 183 | 69 | 50 | 15 |

[1] Expressed in average number of applications per bank.

[2] Percentages do not total 100% because respondents indicated more than one method of accessing the home equity line.

[3] Expressed in percent of banks in each category.

[4] Percentages do not total 100% because respondents indicated more than one use for the home equity line.

Source: Home Equity Credit Report, 1988, American Bankers Association.

Table 44. PROPORTION OF SELECTED GROUPS USING SELECTED FINANCIAL SERVICES, 1983

| Financial Service | Homeowners typical of home equity account holders[1] | All homeowners | All families |
|---|---|---|---|
| Money market deposit account | 29.6% | 12.0% | 9.4% |
| Money market mutual fund | 31.8 | 9.2 | 7.5 |
| Certificate of deposite | 36.9 | 26.6 | 20.2 |
| IRA or Keogh account | 60.0 | 23.1 | 17.4 |
| Trust account | 13.6 | 4.4 | 4.0 |

[1] $75,000 or more in home equity and family incomes greater than $40,000.

Source: Board of Governors of the Federal Reserve System, 1983 Survey of Consumer Finances, Division of Research and Statistics.

# Section 5. Mortgage Credit

Although not classified as consumer credit, mortgage loans represent the largest source of household indebtedness. The data in this section are intended to provide a quick reference to key mortgage statistics, as well as a basis of comparison to complement the data on consumer credit elsewhere in this handbook. An excellent source for more detailed mortgage data is the Savings Institution Sourcebook, published annually by the U.S. League of Savings Institutions, 111 East Wacker Drive, Chicago, Illinois 60601.

The mortgage delinquency data in Table 48 were compiled by the Mortgage Bankers Association of America (MBA), 1125 Fifteenth Street, N.W., Washington, D.C. 20005. The data derive from a monthly survey that currently includes 11 million mortgage loans on 1-4 unit residential properties, totaling an estimated $504 billion on debt. Loans are serviced by over 340 commercial banks, mortgage bankers, savings banks, savings and loan associations, and life insurance companies. The MBA issues a quarterly summary of survey results, the "National Delinquency Survey."

Table 45. ONE-TO FOUR-FAMILY MORTGAGE LOANS OUTSTANDING, BY LENDER (Billions of Dollars)

| Year | Associations | Savings Banks | Savings Banks | Commercial Companies | Federally Life Insurance Agencies | Supported Others | All Totals |
|---|---|---|---|---|---|---|---|
| 1970 | $121.9 | $42.1 | $42.3 | $26.7 | $24.7 | $36.7 | $294.4 |
| 1971 | 136.6 | 43.4 | 48.0 | 24.6 | 30.5 | 37.8 | 320.9 |
| 1972 | 160.2 | 46.2 | 57.0 | 22.3 | 36.1 | 38.5 | 360.3 |
| 1973 | 182.4 | 48.8 | 68.0 | 20.4 | 41.9 | 41.8 | 403.3 |
| 1974 | 197.7 | 49.2 | 74.8 | 19.0 | 52.0 | 44.7 | 437.4 |
| 1975 | 218.8 | 50.0 | 77.0 | 17.6 | 65.9 | 47.6 | 476.9 |
| 1976 | 254.0 | 53.1 | 86.2 | 16.1 | 77.6 | 52.5 | 539.5 |
| 1977 | 300.8 | 58.1 | 105.1 | 14.7 | 96.3 | 57.7 | 632.7 |
| 1978 | 345.4 | 63.3 | 129.2 | 14.4 | 119.6 | 70.9 | 742.8 |
| 1979 | 384.8 | 66.1 | 149.5 | 16.1 | 154.1 | 90.4 | 861.0 |
| 1980 | 411.0 | 67.5 | 160.4 | 17.9 | 183.2 | 115.2 | 955.2 |
| 1981 | 426.8 | 68.2 | 170.3 | 17.2 | 209.7 | 139.9 | 1,032.1 |
| 1982 | 392.2 | 64.2 | 173.8 | 16.8 | 270.7 | 157.0 | 1,074.7 |
| 1983 | 414.3 | 69.1 | 182.5 | 15.3 | 346.1 | 164.1 | 1,191.4 |
| 1984 | 459.7 | 71.5 | 196.2 | 14.1 | 401.4 | 177.6 | 1,320.5 |
| 1985 | 485.8 | 75.9 | 213.4 | 12.4 | 492.6 | 207.9 | 1,488.0 |
| 1986 | 485.6 | 82.0 | 235.8 | 12.8 | 646.7 | 235.6 | 1,698.5 |
| 1987 | 515.8 | 90.5 | 275.8 | 13.2 | 777.7 | 252.2 | 1,925.2 |
| *1988 | **644.7 | na | 304.0 | 14.9 | 832.5 | 283.6 | 2,079.7 |

* Outstanding at the end of the 3rd quarter.
**This number reflects 1-4 family mortgage credit held by all savings institutions, including savings banks.

Source: Federal Reserve Board.

Table 46. LONG-TERM INTEREST RATES

| Year | Conventional Loans on New Homes, Effective Interest Rate | New Aaa Utility Issues Yield | Corporate Aaa Bond Yield |
|---|---|---|---|
| 1970 | 8.45% | 8.68% | 8.04% |
| 1971 | 7.74 | 7.62 | 7.39 |
| 1972 | 7.60 | 7.31 | 7.21 |
| 1973 | *7.96 | 7.74 | 7.44 |
| 1974 | 8.92 | 9.33 | 8.57 |
| 1975 | 9.00 | 9.40 | 8.83 |
| 1976 | 9.00 | 8.48 | 8.43 |
| 1977 | 9.02 | 8.19 | 8.02 |
| 1978 | 9.56 | 8.96 | 8.73 |
| 1979 | 10.78 | 10.03 | 9.63 |
| 1980 | 12.66 | 12.74 | 11.94 |
| 1981 | 14.70 | **16.63 | 14.17 |
| 1982 | 15.14 | 15.49 | 13.79 |
| 1983 | 12.57 | 12.73 | 12.04 |
| 1984 | 12.38 | 13.81 | 12.71 |
| 1985 | 11.55 | 12.06 | 11.37 |
| 1986 | 10.17 | 9.61 | 9.02 |
| 1987 | 9.31 | 9.95 | 9.38 |
| 1988 | 9.18 | 10.20 | 9.71 |

* New Series
** New series, A-rated
Sources: Federal Home Loan Bank Board; Federal Reserve Board; Moody's Investors Service.

Table 47 EFFECTIVE INTEREST RATES ON ADJUSTABLE RATE CONVENTIONAL HOME MORTAGE LOANS CLOSED

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|---|
| J | 13.52% | 11.80% | 12.05% | 10.17% | 8.83% | 8.58% |
| F | 13.02 | 11.74 | 11.69 | 10.14 | 8.54 | 8.55 |
| M | 12.91 | 11.75 | 11.37 | 9.97 | 8.36 | 8.38 |
| A | 12.68 | 11.52 | 11.29 | 9.97 | 8.36 | 8.27 |
| M | 12.48 | 11.65 | 11.30 | 9.76 | 8.43 | 8.31 |
| J | 12.27 | 11.80 | 11.10 | 9.48 | 8.37 | 8.39 |
| J | 12.08 | 12.03 | 10.76 | 9.47 | 8.51 | 8.44 |
| A | 12.18 | 12.32 | 10.56 | 9.40 | 8.51 | 8.47 |
| S | 12.41 | 12.49 | 10.32 | 9.25 | 8.45 | 8.51 |
| O | 12.26 | 12.57 | 10.41 | 9.07 | 8.46 | 8.58 |
| N | 12.19 | 12.53 | 10.36 | 8.87 | 8.59 | 8.76 |
| D | 11.97 | 12.29 | 10.22 | 8.81 | 8.67 | 8.78 |

Source: Federal Home Loan Bank Board.

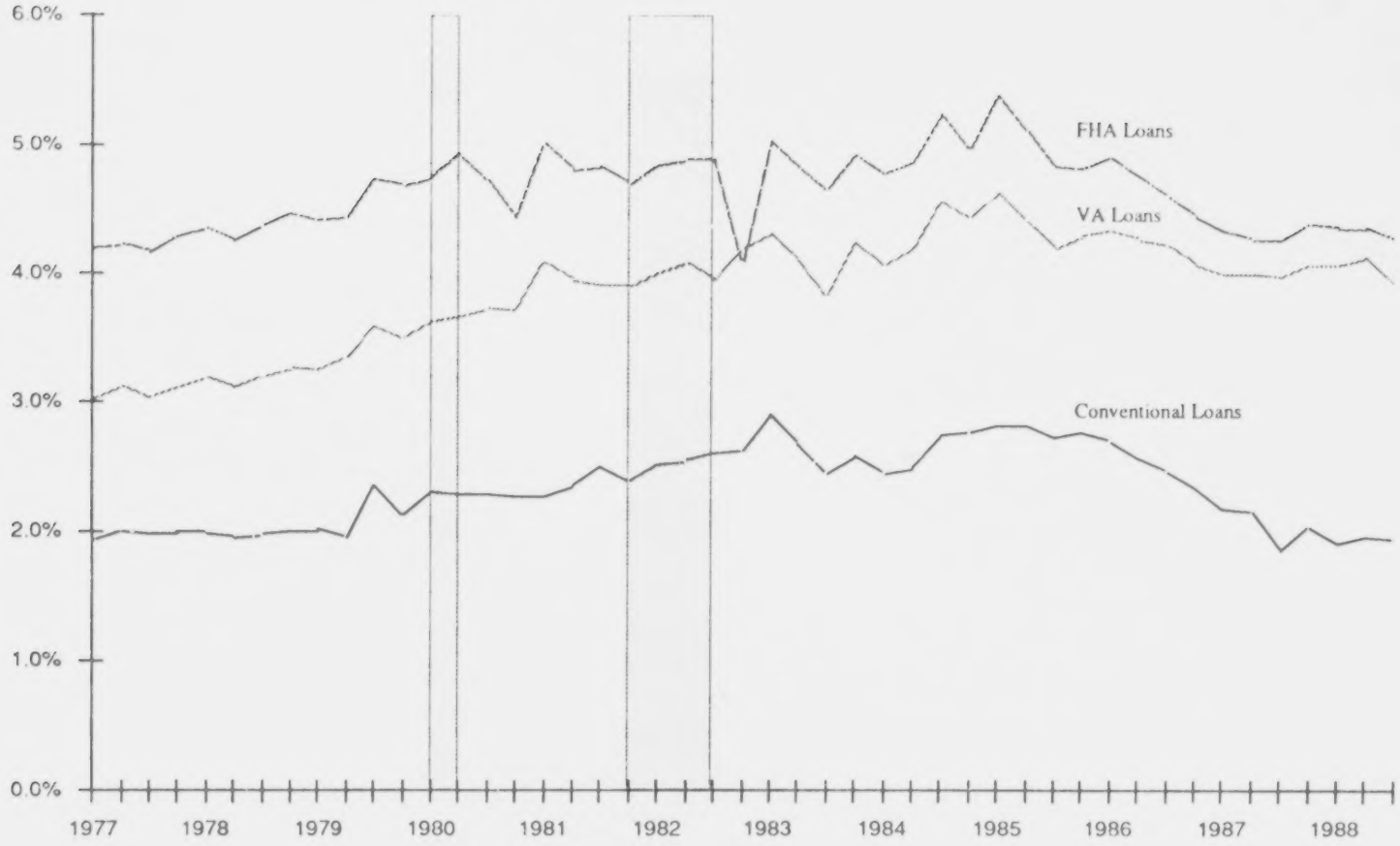
Table 48. DELINQUENCY AND FORECLOSURE RATES ON ALL MORTGAGE LOANS AND ON CONVENTIONAL MORTGAGE LOANS ( seasonally adjusted)

| | | ALL MORTGAGE LOANS | | | | | CONVENTIONAL MORTGAGE LOANS | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Days Past Due | | Foreclosure | | | Days Past Due | | Foreclosure |
| Year | Qtr | 30 | 90+ | Starts | Year | Qtr | 30 | 90+ | Starts |
| 1977 | 1 | 3.22% | 0.55% | na | 1977 | 1 | 1.92% | 0.32% | na |
| | 2 | 3.35 | 0.54 | na | | 2 | 2.00 | 0.32 | na |
| | 3 | 3.20 | 0.52 | na | | 3 | 1.98 | 0.31 | na |
| | 4 | 3.23 | 0.50 | na | | 4 | 1.99 | 0.30 | na |
| 1978 | 1 | 3.30 | 0.52 | na | 1978 | 1 | 1.98 | 0.29 | na |
| | 2 | 3.28 | 0.52 | na | | 2 | 1.95 | 0.28 | na |
| | 3 | 3.30 | 0.51 | na | | 3 | 1.98 | 0.28 | na |
| | 4 | 3.32 | 0.50 | na | | 4 | 2.00 | 0.26 | na |
| 1979 | 1 | 3.26 | 0.46 | na | 1979 | 1 | 2.01 | 0.24 | na |
| | 2 | 3.30 | 0.47 | na | | 2 | 1.95 | 0.25 | na |
| | 3 | 3.58 | 0.48 | na | | 3 | 2.36 | 0.25 | na |
| | 4 | 3.40 | 0.50 | na | | 4 | 2.12 | 0.26 | na |
| 1980 | 1 | 3.57 | 0.53 | na | 1980 | 1 | 2.30 | 0.27 | na |
| | 2 | 3.63 | 0.55 | na | | 2 | 2.28 | 0.28 | na |
| | 3 | 3.57 | 0.59 | na | | 3 | 2.28 | 0.31 | na |
| | 4 | 3.44 | 0.62 | na | | 4 | 2.26 | 0.33 | na |
| 1981 | 1 | 3.77 | 0.65 | na | 1981 | 1 | 2.27 | 0.32 | na |
| | 2 | 3.72 | 0.65 | na | | 2 | 2.35 | 0.34 | na |
| | 3 | 3.73 | 0.64 | na | | 3 | 2.50 | 0.35 | na |
| | 4 | 3.67 | 0.64 | na | | 4 | 2.39 | 0.35 | na |
| 1982 | 1 | 3.75 | 0.65 | 0.20% | 1982 | 1 | 2.52 | 0.42 | na |
| | 2 | 3.83 | 0.76 | 0.20 | | 2 | 2.55 | 0.48 | na |
| | 3 | 3.76 | 0.78 | 0.22 | | 3 | 2.61 | 0.52 | na |
| | 4 | 3.91 | 0.83 | 0.22 | | 4 | 2.63 | 0.53 | na |
| 1983 | 1 | 4.01 | 0.84 | 0.21 | 1983 | 1 | 2.90 | 0.65 | 0.14% |
| | 2 | 3.85 | 0.83 | 0.23 | | 2 | 2.67 | 0.58 | 0.16 |
| | 3 | 3.56 | 0.83 | 0.21 | | 3 | 2.45 | 0.54 | 0.15 |
| | 4 | 3.88 | 0.86 | 0.21 | | 4 | 2.59 | 0.55 | 0.17 |
| 1984 | 1 | 3.66 | 0.86 | 0.19 | 1984 | 1 | 2.45 | 0.56 | 0.13 |
| | 2 | 3.75 | 0.88 | 0.21 | | 2 | 2.50 | 0.58 | 0.15 |
| | 3 | 4.02 | 0.90 | 0.24 | | 3 | 2.74 | 0.61 | 0.18 |
| | 4 | 3.95 | 0.91 | 0.19 | | 4 | 2.76 | 0.59 | 0.15 |
| 1985 | 1 | 4.14 | 0.94 | 0.24 | 1985 | 1 | 2.82 | 0.58 | 0.17 |
| | 2 | 3.97 | 0.91 | 0.23 | | 2 | 2.81 | 0.57 | 0.18 |
| | 3 | 3.80 | 0.93 | 0.23 | | 3 | 2.72 | 0.61 | 0.17 |
| | 4 | 3.84 | 0.96 | 0.21 | | 4 | 2.77 | 0.66 | 0.16 |
| 1986 | 1 | 3.78 | 0.97 | 0.24 | 1986 | 1 | 2.70 | 0.66 | 0.18 |
| | 2 | 3.68 | 1.05 | 0.25 | | 2 | 2.57 | 0.71 | 0.18 |
| | 3 | 3.59 | 1.01 | 0.26 | | 3 | 2.47 | 0.67 | 0.20 |
| | 4 | 3.47 | 0.99 | 0.26 | | 4 | 2.34 | 0.62 | 0.19 |
| 1987 | 1 | 3.34 | 1.00 | 0.26 | 1987 | 1 | 2.17 | 0.63 | 0.19 |
| | 2 | 3.26 | 0.96 | 0.25 | | 2 | 2.15 | 0.65 | 0.18 |
| | 3 | 3.12 | 0.85 | 0.25 | | 3 | 1.86 | 0.57 | 0.15 |
| | 4 | 3.25 | 0.90 | 0.27 | | 4 | 2.04 | 0.58 | 0.18 |
| 1988 | 1 | 3.19 | 0.85 | 0.27 | 1988 | 1 | 1.91 | 0.52 | 0.17 |
| | 2 | 3.20 | 0.90 | 0.27 | | 2 | 1.97 | 0.52 | 0.16 |
| | 3 | 3.15 | 0.83 | 0.26 | | 3 | 1.95 | 0.53 | 0.17 |
| | 4 | 3.27 | .86 | .28 | | 4 | 2.05 | .58 | .19 |

Table 49 DELINQUENCY AND FORECLOSURE RATES ON FHA INSURED LOANS AND VA LOANS.

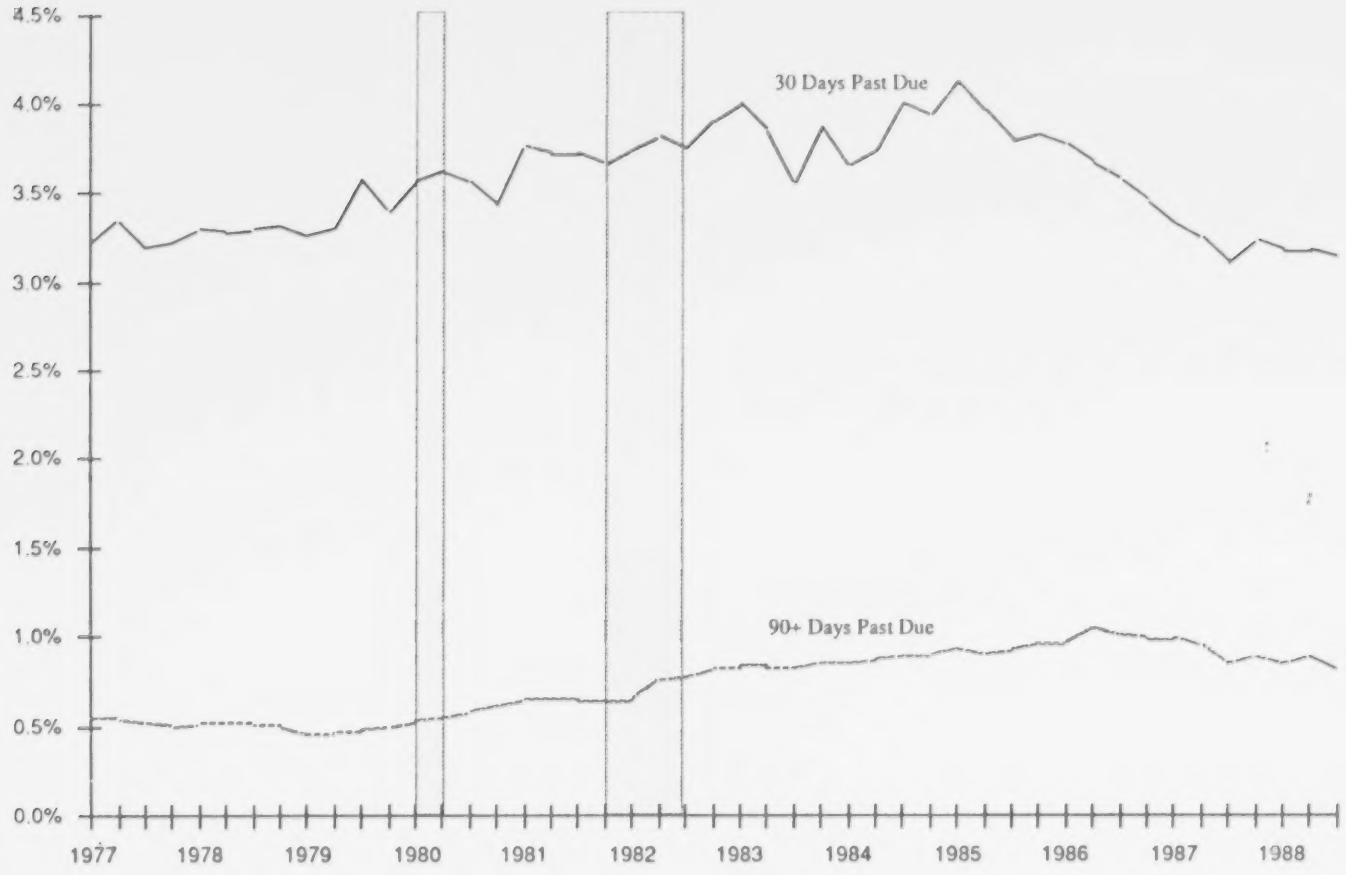
| FHA INSURED LOANS | | | | | VA LOANS | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Days Past Due | | Forclosure | | | Days Past Due | | Forclosure |
| Year | Qtr. | 30 | 90+ | Rates | Year | Qtr. | 30 | 90+ | Rates |
| 1977 | 1 | 4.19% | 0.71% | na | 1977 | 1 | 3.02% | 0.54% | na |
| | 2 | 4.22 | 0.69 | na | | 2 | 3.12 | 0.54 | na |
| | 3 | 4.15 | 0.68 | na | | 3 | 3.03 | 0.53 | na |
| | 4 | 4.28 | 0.64 | na | | 4 | 3.11 | 0.50 | na |
| 1978 | 1 | 4.35 | 0.70 | na | 1978 | 1 | 3.19 | 0.53 | na |
| | 2 | 4.25 | 0.68 | na | | 2 | 3.11 | 0.53 | na |
| | 3 | 4.37 | 0.68 | na | | 3 | 3.20 | 0.53 | na |
| | 4 | 4.46 | 0.66 | na | | 4 | 3.27 | 0.52 | na |
| 1979 | 1 | 4.40 | 0.64 | na | 1979 | 1 | 3.24 | 0.51 | na |
| | 2 | 4.42 | 0.63 | na | | 2 | 3.33 | 0.52 | na |
| | 3 | 4.73 | 0.65 | na | | 3 | 3.58 | 0.56 | na |
| | 4 | 4.68 | 0.69 | na | | 4 | 3.49 | 0.63 | na |
| 1980 | 1 | 4.74 | 0.71 | na | 1980 | 1 | 3.62 | 0.64 | na |
| | 2 | 4.92 | 0.75 | na | | 2 | 3.66 | 0.66 | na |
| | 3 | 4.72 | 0.79 | na | | 3 | 3.73 | 0.70 | na |
| | 4 | 4.43 | 0.81 | na | | 4 | 3.71 | 0.72 | na |
| 1981 | 1 | 5.01 | 0.88 | na | 1981 | 1 | 4.09 | 0.76 | na |
| | 2 | 4.80 | 0.81 | na | | 2 | 3.95 | 0.76 | na |
| | 3 | 4.83 | 0.85 | na | | 3 | 3.90 | 0.74 | na |
| | 4 | 4.69 | 0.83 | na | | 4 | 3.89 | 0.74 | na |
| 1982 | 1 | 4.84 | 0.94 | 0.25% | 1982 | 1 | 4.00 | 0.79 | 0.22% |
| | 2 | 4.89 | 0.94 | 0.25 | | 2 | 4.08 | 0.86 | 0.22 |
| | 3 | 4.89 | 0.98 | 0.28 | | 3 | 3.95 | 0.89 | 0.24 |
| | 4 | 4.09 | 1.07 | 0.29 | | 4 | 4.19 | 0.92 | 0.24 |
| 1983 | 1 | 5.03 | 1.04 | 0.25 | 1983 | 1 | 4.31 | 0.89 | 0.23 |
| | 2 | 4.83 | 1.00 | 0.28 | | 2 | 4.11 | 0.93 | 0.26 |
| | 3 | 4.65 | 1.06 | 0.26 | | 3 | 3.84 | 0.96 | 0.24 |
| | 4 | 4.93 | 1.10 | 0.24 | | 4 | 4.25 | 0.97 | 0.24 |
| 1984 | 1 | 4.78 | 1.09 | 0.23 | 1984 | 1 | 4.06 | 1.01 | 0.23 |
| | 2 | 4.87 | 1.12 | 0.26 | | 2 | 4.19 | 1.01 | 0.24 |
| | 3 | 5.24 | 1.16 | 0.29 | | 3 | 4.57 | 1.04 | 0.27 |
| | 4 | 4.97 | 1.18 | 0.28 | | 4 | 4.44 | 1.09 | 0.21 |
| 1985 | 1 | 5.39 | 1.24 | 0.30 | 1985 | 1 | 4.63 | 1.17 | 0.27 |
| | 2 | 5.12 | 1.19 | 0.28 | | 2 | 4.40 | 1.11 | 0.26 |
| | 3 | 4.83 | 1.16 | 0.28 | | 3 | 4.20 | 1.10 | 0.26 |
| | 4 | 4.81 | 1.21 | 0.27 | | 4 | 4.30 | 1.16 | 0.24 |
| 1986 | 1 | 4.91 | 1.26 | 0.30 | 1986 | 1 | 4.34 | 1.17 | 0.27 |
| | 2 | 4.76 | 1.33 | 0.31 | | 2 | 4.27 | 1.26 | 0.29 |
| | 3 | 4.61 | 1.29 | 0.32 | | 3 | 4.22 | 1.28 | 0.31 |
| | 4 | 4.45 | 1.29 | 0.33 | | 4 | 4.07 | 1.26 | 0.31 |
| 1987 | 1 | 4.33 | 1.27 | 0.32 | 1987 | 1 | 3.99 | 1.25 | 0.31 |
| | 2 | 4.26 | 1.21 | 0.32 | | 2 | 4.00 | 1.19 | 0.29 |
| | 3 | 4.26 | 1.10 | 0.35 | | 3 | 3.97 | 1.07 | 0.32 |
| | 4 | 4.39 | 1.18 | 0.36 | | 4 | 4.06 | 1.18 | 0.35 |
| 1988 | 1 | 4.36 | 1.15 | 0.36 | 1988 | 1 | 4.07 | 1.09 | 0.33 |
| | 2 | 4.37 | 1.23 | 0.37 | | 2 | 4.14 | 1.21 | 0.33 |
| | 3 | 4.28 | 1.11 | 0.35 | | 3 | 3.94 | 1.08 | 0.32 |
| | 4 | 4.38 | 1.09 | 0.38 | | 4 | 4.16 | 1.16 | 0.30 |

Chart 19. MORTGAGE LOAN DELINQUENCY RATES (Percent of loans 30 days past due, seasonally adjusted)



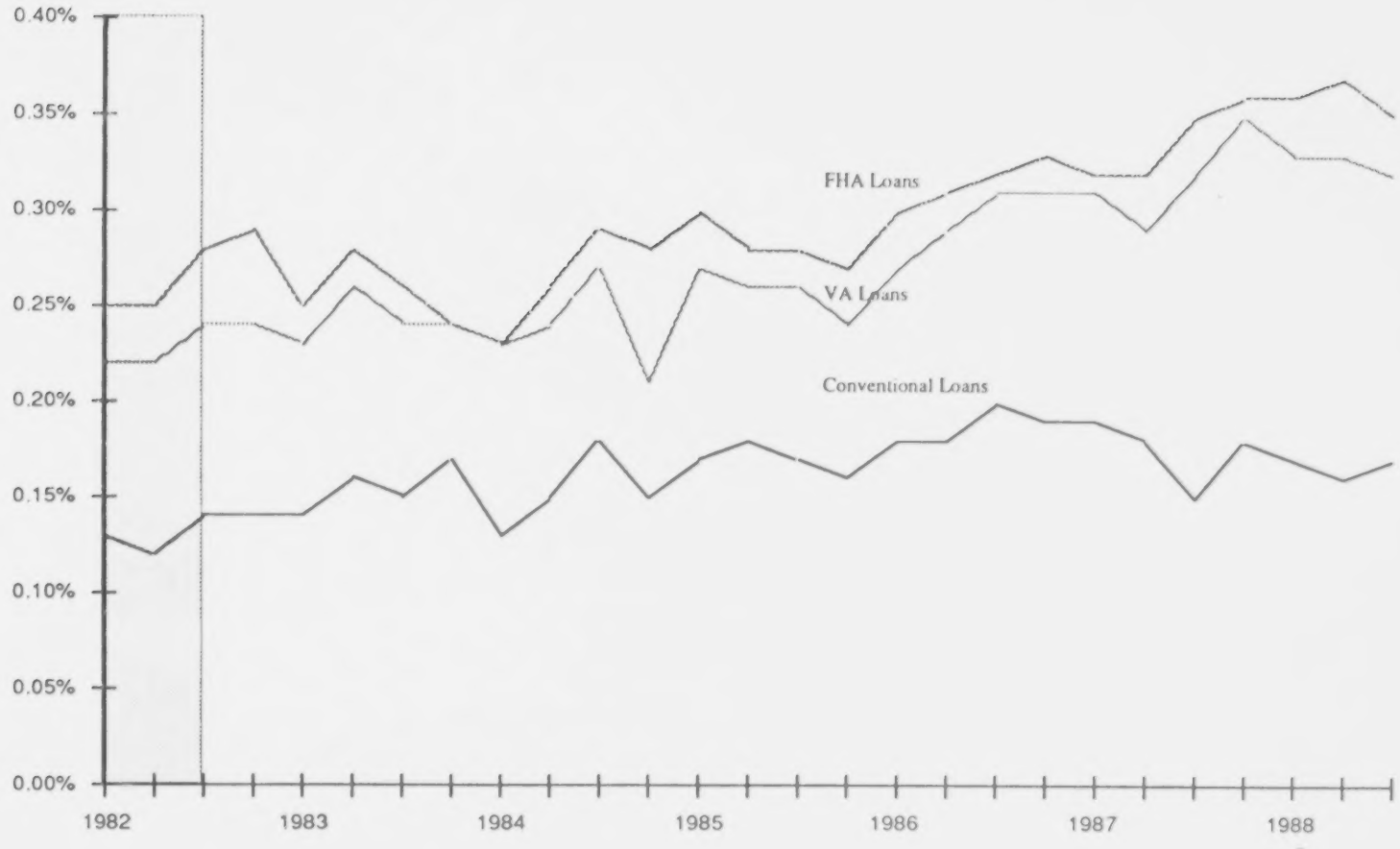

Data are from Table 48 and 49.

Chart 20. MORTGAGE DELINQUENCY RATES ON FHA, VA, AND CONVENTIONAL LOANS




Data are from Table 48 and 49.

Chart 21. FORECLOSURE STARTS ON MORTGAGE LOANS (Percent of loans were foreclosure has begun during the quarter)




Data are from Table 48 and 49.

# APPENDIX

Supplemental Data

Table A1. DISPOSABLE PERSONAL INCOME (Billions of Current Dollars)

| | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|---|
| J | 1,310.2 | 1,453.6 | 1,650.4 | 1,848.9 | 2,049.2 | 2,198.0 |
| F | 1,307.6 | 1,471.7 | 1,664.9 | 1,857.7 | 2,065.1 | 2,206.6 |
| M | 1,336.0 | 1,499.3 | 1,684.4 | 1,866.2 | 2,082.4 | 2,216.9 |
| A | 1,347.5 | 1,521.6 | 1,690.1 | 1,862.7 | 2,089.5 | 2,238.4 |
| M | 1,357.2 | 1,535.8 | 1,702.2 | 1,867.1 | 2,091.2 | 2,244.8 |
| J | 1,372.3 | 1,545.6 | 1,712.1 | 1,879.7 | 2,106.7 | 2,242.3 |
| J | 1,391.0 | 1,561.6 | 1,741.0 | 1,913.9 | 2,143.4 | 2,276.9 |
| A | 1,404.7 | 1,573.3 | 1,754.2 | 1,933.0 | 2,165.9 | 2,275.6 |
| S | 1,416.4 | 1,586.1 | 1,763.6 | 1,955.4 | 2,176.6 | 2,283.2 |
| O | 1,425.3 | 1,607.7 | 1,781.5 | 1,985.8 | 2,187.1 | 2,299.8 |
| N | 1,437.6 | 1,621.3 | 1,797.1 | 2,009.8 | 2,189.7 | 2,321.7 |
| D | 1,446.4 | 1,637.3 | 1,810.3 | 2,035.4 | 2,184.3 | 2,332.7 |

| | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|---|
| J | 2,344.3 | 2,585.2 | 2,771.2 | 2,945.0 | 3,115.3 | 3,343.7 |
| F | 2,339.2 | 2,614.3 | 2,764.6 | 2,964.2 | 3,150.8 | 3,376.7 |
| M | 2,353.7 | 2,635.9 | 2,757.9 | 2,986.1 | 3,165.5 | 3,406.4 |
| A | 2,382.0 | 2,637.8 | 2,832.9 | 3,019.6 | 3,090.8 | 3,352.3 |
| M | 2,397.4 | 2,637.0 | 2,890.2 | 3,014.8 | 3,190.6 | 3,434.3 |
| J | 2,406.9 | 2,653.5 | 2,829.2 | 3,014.5 | 3,181.1 | 3,462.9 |
| J | 2,438.6 | 2,675.9 | 2,835.1 | 3,023.7 | 3,207.8 | 3,491.1 |
| A | 2,433.2 | 2,688.0 | 2,837.4 | 3,031.1 | 3,226.6 | 3,505.9 |
| S | 2,457.7 | 2,709.4 | 2,847.4 | 3,042.5 | 3,240.3 | 3,525.9 |
| O | 2,499.1 | 2,710.9 | 2,877.2 | 3,053.9 | 3,312.0 | 3,582.7 |
| N | 2,528.7 | 2,725.5 | 2,887.5 | 3,062.3 | 3,295.9 | 3,572.9 |
| D | 2,555.9 | 2,749.5 | 2,933.7 | 3,078.0 | 3,339.5 | 3,606.6 |

Source: The National Income and Product Accounts of the United States
United States Department of Commerce, Bureau of Economic Analysis.

Table A2. PERSONAL CONSUMPTION EXPENDITURES BY TYPE OF EXPENDITURE (in billions of current dollars)

| | Food and Tobacco | Clothing, Accessories, and Jewelry | Personal Care | Housing | Household Operations | Medical Care | Personal Business | Education and Transportation | Private Recreation | Research | Religious and Welfare Activities | Other, Net[1] | Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1977 | $266.4 | $96.8 | $17.4 | $185.9 | $166.2 | $112.9 | $60.7 | $179.3 | $79.4 | $18.2 | $16.7 | $4.6 | $1204.5 |
| 1978 | 293.8 | 108.2 | 19.3 | 209.6 | 184.6 | 126.4 | 72.6 | 198.1 | 89.5 | 20.5 | 19.1 | 4.7 | 1346.4 |
| 1979 | 330.8 | 116.3 | 21.1 | 236.0 | 207.9 | 144.1 | 83.7 | 219.4 | 98.8 | 23.3 | 20.8 | 4.6 | 1506.8 |
| 1980 | 365.7 | 124.2 | 22.8 | 266.2 | 230.3 | 166.8 | 93.8 | 236.6 | 107.1 | 26.4 | 23.3 | 4.7 | 1667.9 |
| 1981 | 396.9 | 135.5 | 24.7 | 302.0 | 254.0 | 194.4 | 99.5 | 261.5 | 120.6 | 29.8 | 26.8 | 3.2 | 1848.9 |
| 1982 | 423.5 | 153.3 | 30.6 | 321.1 | 272.4 | 245.4 | 116.3 | 267.6 | 138.3 | 32.6 | 44.4 | 5.1 | 2050.6 |
| 1983 | 450.1 | 167.2 | 34.1 | 344.1 | 294.1 | 268.7 | 136.7 | 295.4 | 152.1 | 35.8 | 47.8 | 8.5 | 2234.6 |
| 1984 | 479.0 | 181.8 | 36.4 | 371.3 | 316.9 | 298.4 | 145.8 | 329.5 | 168.3 | 39.1 | 52.6 | 11.3 | 2430.4 |
| 1985 | 503.8 | 193.3 | 38.8 | 403.0 | 334.1 | 327.5 | 169.9 | 359.5 | 185.7 | 43.3 | 57.1 | 13.1 | 2629.1 |
| 1986 | 534.7 | 207.5 | 41.4 | 434.3 | 348.1 | 359.3 | 192.7 | 365.5 | 201.7 | 47.3 | 62.9 | 12.0 | 2807.4 |
| 1987 | 562.1 | 221.5 | 44.4 | 467.7 | 362.3 | 403.2 | 215.5 | 378.9 | 223.3 | 51.3 | 68.1 | 13.6 | 3011.9 |

[1] Includes foreign travel

Source: Survey of Current Business.

TABLE A3 PERSONAL CONSUMPTION EXPENDITURES BY MAJOR PRODUCT TYPE (in Billions of Current Dollars)

| Year | Durable Goods | Nondurable Goods | Service | Totals |
|---|---|---|---|---|
| 1977 | $178.2 | $478.8 | $ 547.4 | $1204.4 |
| 1978 | 200.2 | 528.2 | 618.0 | 1346.4 |
| 1979 | 213.4 | 600.0 | 693.7 | 1507.1 |
| 1980 | 214.7 | 668.8 | 784.5 | 1668.0 |
| 1981 | 235.4 | 730.7 | 883.0 | 1849.1 |
| 1982 | 252.7 | 771.0 | 1027.0 | 2050.7 |
| 1983 | 289.1 | 816.7 | 1128.7 | 2234.5 |
| 1984 | 335.5 | 867.3 | 1227.6 | 2430.4 |
| 1985 | 372.2 | 911.2 | 1345.6 | 2629.0 |
| 1986 | 406.5 | 943.6 | 1457.3 | 2807.4 |
| 1987 | 421.9 | 997.9 | 1592.3 | 3012.1 |
| 1988[1] | 446.9 | 1030.3 | 1709.6 | 3186.8 |

[1] Seasonally adjusted annual rate as of 2nd Quarter 1988

Source: Survey of Current Business

Table A4. DISTRIBUTION OF PERSONAL CONSUMPTION EXPENDITURES (in Billions of Current Dollars)

| Year | Durable Goods | Nondurable Goods | Service |
|---|---|---|---|
| 1977 | 14.8% | 39.8% | 45.5% |
| 1978 | 14.9 | 39.2 | 45.9 |
| 1979 | 14.2 | 39.8 | 46.0 |
| 1980 | 12.9 | 40.1 | 47.0 |
| 1981 | 12.7 | 39.5 | 47.8 |
| 1982 | 12.3 | 37.6 | 50.1 |
| 1983 | 12.9 | 36.5 | 50.5 |
| 1984 | 13.8 | 35.7 | 50.5 |
| 1985 | 14.2 | 34.7 | 51.2 |
| 1986 | 14.5 | 33.6 | 51.9 |
| 1987 | 14.0 | 33.1 | 52.9 |

Source: Survey of Current Business.

Table A5 PERCENT OF POPULATION BETWEEN 25 AND 44 YEARS OF AGE BY STATE

| State | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 |
|---|---|---|---|---|---|---|
| AL | 27.1 | 27.6 | 28.2 | 28.8 | 29.4 | 31.1 |
| AK | 36.8 | 37.3 | 37.6 | 37.6 | 37.4 | 37.3 |
| AZ | 28.1 | 28.8 | 29.4 | 29.9 | 30.5 | 31.0 |
| AR | 26.0 | 26.5 | 26.9 | 27.4 | 27.9 | 28.4 |
| CA | 30.8 | 31.7 | 32.4 | 33.0 | 33.5 | 33.8 |
| CO | 32.9 | 33.8 | 34.5 | 35.2 | 35.8 | 36.4 |
| CT | 28.4 | 29.0 | 29.6 | 30.1 | 30.6 | 31.1 |
| DE | 28.1 | 28.7 | 29.4 | 30.0 | 30.7 | 31.3 |
| DC | 32.1 | 33.0 | 33.9 | 34.6 | 35.3 | 35.5 |
| FL | 25.9 | 26.5 | 27.1 | 27.6 | 28.0 | 28.3 |
| GA | 29.6 | 30.2 | 30.7 | 31.2 | 31.7 | 32.0 |
| HI | 30.9 | 31.5 | 32.0 | 32.4 | 32.6 | 33.1 |
| ID | 28.2 | 28.6 | 29.1 | 29.6 | 30.0 | 33.1 |
| IL | 28.3 | 28.9 | 29.5 | 30.0 | 30.5 | 31.2 |
| IN | 27.8 | 28.3 | 28.9 | 29.5 | 30.1 | 30.8 |
| IA | 26.5 | 27.1 | 27.8 | 28.4 | 29.0 | 29.8 |
| KS | 27.2 | 27.9 | 28.6 | 29.2 | 29.8 | 30.9 |
| KY | 27.7 | 28.3 | 28.9 | 29.4 | 30.0 | 30.6 |
| LA | 27.8 | 28.5 | 29.1 | 29.8 | 30.4 | 31.0 |
| ME | 27.4 | 28.1 | 28.6 | 29.2 | 29.9 | 30.5 |
| MD | 30.4 | 31.0 | 31.5 | 32.0 | 32.5 | 31.7 |
| MA | 28.2 | 29.0 | 29.7 | 30.5 | 31.3 | 32.1 |
| MI | 28.2 | 28.9 | 29.5 | 30.1 | 30.7 | 31.3 |
| MN | 28.5 | 29.1 | 29.7 | 30.3 | 30.9 | 32.0 |
| MS | 25.6 | 26.1 | 26.6 | 27.1 | 27.7 | 28.1 |
| MO | 27.0 | 27.6 | 28.1 | 28.6 | 29.2 | 30.0 |
| MT | 28.9 | 29.4 | 30.0 | 30.6 | 31.0 | 31.5 |
| NE | 27.0 | 27.6 | 28.2 | 28.7 | 29.2 | 30.4 |
| NV | 32.5 | 33.7 | 34.4 | 35.1 | 35.6 | 35.1 |
| NH | 29.6 | 30.3 | 31.0 | 31.7 | 32.5 | 33.2 |
| NJ | 28.0 | 28.5 | 29.0 | 29.5 | 30.0 | 30.6 |
| NM | 28.3 | 28.9 | 29.4 | 29.8 | 30.2 | 31.1 |
| NY | 28.1 | 28.7 | 29.2 | 29.7 | 30.2 | 30.6 |
| NC | 28.6 | 29.2 | 29.8 | 30.5 | 31.2 | 31.6 |
| ND | 26.6 | 27.4 | 28.2 | 29.0 | 29.6 | 30.8 |
| OH | 27.8 | 28.3 | 28.9 | 29.4 | 29.9 | 30.5 |
| OK | 27.6 | 28.4 | 29.0 | 29.5 | 30.0 | 30.8 |
| OR | 30.8 | 31.5 | 32.1 | 32.6 | 33.0 | 34.1 |
| PA | 26.6 | 27.2 | 27.8 | 28.4 | 29.0 | 29.7 |
| RI | 26.8 | 27.5 | 28.2 | 29.1 | 30.1 | 30.8 |
| SC | 28.5 | 29.2 | 29.8 | 30.5 | 31.1 | 31.4 |
| SD | 25.1 | 25.8 | 26.3 | 27.0 | 27.7 | 28.8 |
| TN | 28.5 | 29.1 | 29.7 | 30.3 | 30.8 | 31.2 |
| TX | 29.3 | 30.1 | 30.9 | 31.5 | 32.1 | 32.5 |
| UT | 27.1 | 27.9 | 28.6 | 29.1 | 29.4 | 29.9 |
| VT | 29. | 29.6 | 30.3 | 31.1 | 32.0 | 32.9 |
| VA | 30.5 | 31.1 | 31.7 | 32.3 | 32.7 | 33.5 |
| WA | 30.8 | 31.7 | 32.4 | 33.0 | 33.6 | 34.6 |
| WV | 27.0 | 27.6 | 28.2 | 28.9 | 29.4 | 30.0 |
| WI | 27.3 | 28.0 | 28.6 | 29.2 | 29.9 | 30.7 |
| WY | 31.6 | 32.7 | 33.5 | 34.3 | 35.0 | 36.3 |

Table A6. POPULATION 18 YEARS OF AGE AND OLDER, BY STATE (1986)

| STATE | POPULATION (In thousands) | STATE | POPULATION (In thousands) |
|---|---|---|---|
| Alabama | 2938 | Montana | 589 |
| Alaska | 362 | Nevada | 724 |
| Arizona | 2410 | New Hampshire | 766 |
| Arkansas | 1727 | New Jersey | 5790 |
| California | 19873 | New Mexico | 1036 |
| Colorado | 2401 | New York | 13397 |
| Connecticut | 2431 | North Carolina | 4709 |
| Delaware | 473 | North Dakota | 490 |
| DC | 489 | Ohio | 7899 |
| Florida | 9044 | Oklahoma | 2406 |
| Georgia | 4391 | Oregon | 2012 |
| Hawaii | 776 | Pennsylvania | 9038 |
| Idaho | 691 | Rhode Island | 748 |
| Illinois | 8493 | South Carolina | 2440 |
| Indiana | 4028 | South Dakota | 510 |
| Iowa | 2104 | Tennessee | 3553 |
| Kansas | 1814 | Texas | 11755 |
| Kentucky | 2720 | Utah | 1046 |
| Louisiana | 3154 | Vermont | 401 |
| Maine | 870 | Virginia | 4349 |
| Massachusetts | 4491 | Washington | 3307 |
| Michigan | 6674 | West Virginia | 1414 |
| Minnesota | 3104 | Wisconsin | 3515 |
| Mississippi | 1824 | Wyoming | 353 |
| Missouri | 3757 | | |

Table A7. NEW AND EXISTING ONE-FAMILY HOMES SOLD

| Year | Number of Homes (Thousands) | | | Dollar Volume (Billions) | | | Median Price | |
|---|---|---|---|---|---|---|---|---|
| | New | Existing | Total | New | Existing | Total | New | Existing |
| 1970 | 485 | 1612 | 2,097 | $12.9 | $41.4 | $54.3 | $23,400 | $23,000 |
| 1971 | 656 | 2018 | 2,674 | 18.6 | 56.5 | 75.1 | 25,200 | 24,800 |
| 1972 | 718 | 2252 | 2,970 | 21.9 | 67.8 | 89.7 | 27,600 | 26,700 |
| 1973 | 634 | 2334 | 2,968 | 22.5 | 76.8 | 99.3 | 32,500 | 28,900 |
| 1974 | 519 | 2272 | 2,791 | 20.2 | 81.3 | 101.5 | 35,900 | 32,000 |
| 1975 | 549 | 2476 | 3,025 | 23.4 | 96.6 | 120.0 | 39,300 | 35,300 |
| 1976 | 646 | 3064 | 3,710 | 31.0 | 129.3 | 160.3 | 44,200 | 38,100 |
| 1977 | 819 | 3,650 | 4,469 | 44.4 | 174.8 | 219.2 | 48,800 | 42,900 |
| 1978 | 817 | 3,986 | 4,803 | 51.1 | 221.2 | 272.3 | 55,700 | 48,700 |
| 1979 | 709 | 3,827 | 4,536 | 50.9 | 245.7 | 296.6 | 62,900 | 55,700 |
| 1980 | 545 | 2,973 | 3,518 | 41.6 | 216.4 | 258.0 | 64,600 | 62,200 |
| 1981 | 436 | 2,419 | 2,855 | 36.2 | 189.4 | 225.6 | 68,900 | 66,400 |
| 1982 | 412 | 1,990 | 2,402 | 34.6 | 160.2 | 194.8 | 69,300 | 67,800 |
| 1983 | 623 | 2,719 | 3,342 | 55.9 | 225.9 | 281.8 | 75,300 | 70,300 |
| 1984 | 639 | 2,868 | 3,507 | 62.4 | 246.6 | 309.0 | 79,900 | 72,400 |
| 1985 | 688 | 3,214 | 3,902 | 69.4 | 291.9 | 361.3 | 84,300 | 75,500 |
| 1986 | 750 | 3,565 | 4,315 | 83.9 | 351.1 | 435.0 | 92,000 | 80,300 |
| 1987 | 674 | 3,520 | 4,194 | 85.5 | 371.0 | 456.5 | 103,900 | 84,900 |

Source: Bureau of the Census; National Associaton of Realtors. Data complied by The United States League of Savings Institutions.

## Glossary

**Acceleration Clause:** a provision allowing the lender to ask for full payment at once, if loan installments are not paid when due, or if there are other "events of default."

**Actuarial Method:** the method of allocating payments made on a debt between the amount financed (principal) and the finance charge (interest charge). The payment is first subtracted from the accumulated interest since the last payment and any remainder is subtracted from, or any deficiency (i.e. payment is not sufficient to cover the accumulated interest) is added to, the unpaid balance of the debt.

**Adjustable Rate Loan:** any loan on which the interest rate can be changed, either at pre-determined intervals or whenever movement occurs in a specified index that reflects a lender's cost of funds.

**Adverse Action:** (1) refusal to grant credit in the amount or under terms requested or (2) termination of an account or (3) refusal to increase the amount of an existing credit line when the applicant requested it in accordance with the creditor's procedures or (4) an unfavorable change in terms that affects only some of the debtors.

**Agent Bank:** a bank which participates with a card-issuing financial institution by sending its account applications to the card-issuing bank, possibly sharing in the liability for use of the card and acting as a depository for merchants.

**Amount Financed:** the amount lent or financed exclusive of finance charges; total of payments less the finance charge; loan principal.

**Annual Percentage Rate (APR):** finance charge over a full year, expressed as a percentage, reflecting all costs of the loan as required by the Truth in Lending Act.

**Automatic Transfer System (ATS) Accounts:** a transaction-type account in which the depositor has a checking account, where interest is not earned, and a time-deposit account, where interest is earned. Whenever the balance in the checking account is insufficient to cover checks written, there is an automatic transfer from the interest-earning time, or savings, account.

**Balloon Loan:** a loan on which a balloon payment becomes due after a specific time such as three years or five years; the borrower pays interest regularly, and may or may not make small principal repayments during the loan's term.

**Balloon Payment:** any scheduled payment which is more than twice the amount of any other regularly scheduled equal payment.

**Bank Credit Card:** a credit card issued by a bank, enabling the cardholder to buy goods and services from merchants or obtain cash loans from banks honoring that card in return for a promise to repay the debts in specified monthly payments.

**Bankruptcy:** the legal proceedings by which the affairs of a bankrupt person are turned over to a trustee or receiver for administration, in accordance with the Bankruptcy Act. (1) Chapter 7: "straight bankruptcy or liquidation', voluntary or involuntary proceedings in which a trustee gathers and sells the debtor's assets to pay creditors. The debtors receives a discharge of all listed debts. (2) Chapter 11 (reorganization): A reorganization under court supervision because a business (debtor) is unable to pay its debts as they become due or because the likelihood of insolvency is high. The action may be initiated either voluntarily or involuntarily. Generally, the business is allowed to continue as the debtor submits a plan of reorganization, which is to be approved or modified by the creditors. If an agreement cannot be finalized, the corporation will be liquidated under court supervision. (3) Chapter 13 (wage earners): A voluntary plan developed and proposed by a debtor who has regular income to a bankruptcy court. The plan provides additional time (usually three years subject to court approval) to pay off debts. Generally, the plan must allow future income to be supervised by a court-appointed trustee until all specified debts are satisfied. Only the court can approve or deny such plan, not the creditors. Filing under Chapter 7 or 13 provides relief by stopping all collection and bankruptcy proceedings against the debtor.

**Basis Point:** a figure used to describe the amount of change in yield. One basis point equals 1/100th of one percent.

**Billing Error:** mistake in a periodic statement due to a charge made by someone not authorized by the cardholder, an error in arithmetic, failure to reflect a credit, a charge for which the cardholder requests clarification or other instances defined by the Fair Credit Billing Act and Regulation Z.

**Card Issuer:** (1) the financial institution that authorizes the issuance of a credit card for which the institution, or its agent, carries the liability for the use of the card. The issuer retains full authority over the use of the card by the person to whom the card is issued. (2) any bank or organization that issues, or causes to be issued, bank cards to those who apply for them.

**Charge Account:** line of credit that may be used repeatedly up to a certain specified limit.

**Closed-End Credit:** this type of credit (usually installment) involves an agreement with a customer specifying the total amount financed, the finance charge, the number and amount of payments, and the due date of each payment.

**Coincident Indicators Index:** a composite index that turns upward and downward with the national economy as a whole.

**Collateral:** something of value pledged to assure loan repayment and subject to seizure upon default.

**Comaker:** see, "Cosigner."

**Commercial Bank:** an organization chartered either by the Comptroller of the Currency and known as a national bank or chartered by the state in which it will conduct the business of banking. A commercial bank generally specializes in demand deposits and commercial loans.

**Commercial Loan:** a loan not secured by a pledge of real estate, made to a business for commercial purposes.

**Community Reinvestment Act Statement:** a description available for public inspection at each office of a financial institution indicating, on a map, the communities served by that office and the types of credit the bank is prepared to extend within the communities served.

**Consumer Credit:** credit extended to individuals primarily for personal, family or household expenditures.

**Consumer Price Index (CPI):** an index of the prices of a fixed market basket of goods and services people buy for day-to-day living -- food, clothing, and shelter and fees to doctors, lawyers, transportation fares, and so on. Prior to 1978 only one index, the Index for Urban Wage and Clerical Workers (CPI-W), was published, which represented the buying habits of 40 percent of the population. Since 1978 the Index for All Urban Consumers (CPI-U) has also been published, which reflects the buying habits of 80 percent of the population, including professional workers, the self-employed, wage earners and clerical workers, the poor, the unemployed, and retired persons.

**Conventional Mortgage Loan:** a residential mortgage loan not insured or guaranteed by a government agency; may be privately insured.

**Cosigner:** a person, other than the borrower, who signs a note and thereby assumes responsibility for repayment in event of default. A cosigner gives additional protection to the creditor granting the loan when the borrower's credit quality is uncertain.

**Credit:** an arrangement to receive cash, goods or services now and pay for them in the future.

**Credit Bureau:** a reporting agency which assembles credit and other information on consumers. Credit reporting agencies supply this information to others concerned with a consumer's credit worthiness, credit standing or capacity in accordance with the provisions of the Fair Credit Reporting Act.

**Credit Card:** a plastic card issued by a creditor, representing a type of charge account which allows individuals to obtain cash, goods or services, according to (and within the dollar limits of) an established credit arrangement.

**Credit Counseling Services:** organizations that help people having trouble paying their debts. They will provide financial counselling services and contact creditors to help arrange a mutually agreeable repayment schedule.

**Credit Life Insurance:** insurance providing for the repayment of the unpaid balance of a loan in the event of a borrower's death.

**Creditor:** a person or a business who, in the ordinary course of business, regularly extends or arranges for the extension of consumer credit or lends money.

**Credit Reporting Agencies:** see "Credit Bureau."

**Credit Scoring System:** a statistical measure used to rate credit applicants on the basis of various factors relevant to credit worthiness.

**Credit Union:** a mutual organization that accepts deposits from members and uses the funds to make consumer installment and residential mortgage loans. Deposits are regarded as purchases of shares, and a portion of earnings of the credit union is usually paid out to members as dividends. They are most often formed by the members or employees of a particular organization.

**Debit Card:** a recent innovation permitting bank customers to withdraw cash at any hour from any affiliated automated teller machine, and to make cashless purchases by directly debiting funds on deposit.

**Default:** failure to perform that which is required by the terms of a credit agreement.

**Deficiency Judgment:** a court order authorizing collection from a debtor of any part of a debt that remains unsatisfied after foreclosure and sale of collateral.

**Dealer Financing:** see "Indirect Financing."

**Discount Rate:** the rate that the Federal Reserve charges depository institutions for borrowed reserves.

**Disposable Personal Income (DPI):** personal income after deduction for personal income taxes.

**Down Payment:** a cash sum required at the outset of a credit purchases transaction, which together with the outstanding principal loan balance comprise the total cost of the purchase.

**Durable Consumer Goods:** goods used by consumers that have a life span of more than three years; that is, goods that endure and can give utility over a longer period of time.

**Electronic Fund Transfer:** electronic movement of funds. Withdrawals or transfers at automated teller machines and debits to accounts at point of sale (POS) are electronic transfers.

**Equal Credit Opportunity Act:** federal legislation prohibiting creditors from discriminating against credit applicants on the basis of sex, marital status, race, color, religion, national origin, age, and receipt of public assistance. Compliance with the law comes under the jurisdiction of the Federal Trade Commission.

**Equity Lending:** credit secured by a lien on homeowners' equity in real property (e.g. home, condominium, etc.).

**Fair Credit Billing Act:** establishes a procedure by which consumers may submit written inquiries about alleged billing errors. Requires that creditors resolve billing errors within a specified period of time. It also restricts the creditor's ability to report the cardholder's account as delinquent to a credit bureau while a billing inquiry is pending.

**Fair Credit Reporting Act:** restricts the purposes for which credit bureaus may give out information and gives consumers the right to demand that any credit information provided be fair, accurate, and timely.

**Fair Debt Collection Practices Act:** an amendment to the Consumer Practices Act. Its basic objective is to eliminate abusive and unfair debt collection practices, such as threats of financial ruin, loss of job or reputation, and late evening telephone calls.

**FHA Loan:** a mortgage, mobile home or property improvement loan made by a private lender and insured by the Federal Housing Administration.

**Finance Charge:** (1) the cost of credit as defined by the Truth in Lending Act, expressed in dollars and cents. Interest charged is only one component of the finance charge. (2) total of all cost that a customer must pay for obtaining credit.

**Finance Company:** a nondepository institution whose primary purpose is to make loans to businesses or individuals.

**Fixed Rate Loan:** a loan made for a predetermined rate of interest that does not change over the life of the contract.

**Garnishment:** court-sanctioned procedure by which a portion of a debtor's wages is set aside by an employer to repay creditors.

**Grace Period:** (1) on a mortgage, a period of time not subject to late charges (2) on a credit card, the period between the closing date on a billing statement and a later, specified date when payment must be made to avoid payment of finance charges.

**Graduated Payment Mortgage Loan:** a home mortgage loan on which the monthly payments start at a low level and gradually rise at a predetermined rate, based on the assumption that the homeowner's income will increase over time; in the early years, payments may not be sufficient to cover the interest charges, causing the outstanding balance to rise....i.e. reverse amortization.

**Holder in Due Course:** defined in the Uniform Commercial Code as a party who accepts a debt instrument in good faith, for value, and without notice that it has been dishonored or is overdue, or that there is any claim against it.

**Holder in Due Course Rule:** a Federal Trade Commission rule which requires sellers to assure that consumers retain the right to assert claims and defenses against whomever holds the debt instrument used to purchase goods or service.

**Home Equity Loan:** any loan secured by the equity in a property and made for purposes other than the purchase of that property regardless of the lien priority; may be structured as a fixed-installment second mortgage loan or as an open-ended line of credit secured by a second mortgage.

**Home Improvement Loan:** a loan to finance the repair, modernization or improvement of residential real estate; also called a property improvement loan.

**Home Loan or Home Mortgage Loan:** a residential mortgage loan secured by one- to four-family property or a condominium unit.

**Indirect Financing:** purchase by financial institutions of consumer installment contracts from retail merchants, such as automobile and appliance dealers.

**Installment Cash Credit:** money loans made directly to an individual and repaid through periodic payments over a specific length of time.

**Installment Credit:** a form of consumer credit involving four or more regular payments.

**Installment Sales Credit:** an arrangement used to buy "big ticket" items, such as cars or appliances. A down payment is usually required and a contract is signed for the balance due, plus finance charges. The debt is repaid in equal installments over a specified period of time.

**Interchange:** (1) a concept for a national network of EFT (Electronic Fund Transfers) participants that allows customers the use of EFT services outside their normal market area. For credit cards, the practice has long been done in the processing of foreign cardholder activity through local merchants. The draft settles through interchange without the actual transmission of the paper. (2) the exchange of debit and credit transaction data between merchant banks and cardholder banks based on an agreement between the participants.

**Interchange Fee:** a fee paid by the merchant bank to the cardholder bank for the costs of processing and carrying cardholder accounts. The fee is set by the MasterCard and Visa organizations.

**Interest:** one component of the finance charge; interest is the periodic charge for use of credit.

**Judgment:** a debt or other obligation, as determined by the decision or decree of a court.

**Judgmental System:** a nonstatistical measure of evaluating creditworthiness.

**Lender:** a person or institution from which money or other assets are borrowed.

**Lien:** a claim which one person has upon property of another person, as security for debt.

**Line of Credit:** the maximum dollar amount a credit grantor has made available under a revolving credit arrangement to a consumer, which the consumer is not required to use.

**Merchant Bank:** the bank that has agreed with a merchant to accept deposits generated by bank credit card transactions with that merchant.

**Money Supply:** a generic term used to denote the amount of money in circulation. There are numerous specific definitions of the money supply. The narrowest is simply currency in the hands of the public plus demand deposit (checking accounts) at commercial banks, credit unions and mutual savings banks. This has been labeled the M1 money supply by the Federal Reserve System.

**Mortgage:** a legal instrument by which a borrower gives a creditor a lien on real property as security for a loan; the lien created by the instrument.

**Mortgage-Backed Security:** any of a variety of investment securities representing shares in a pool of mortgage loans; often guaranteed by the Government National Mortgage Association (Ginnie Mae) or privately insured.

**Mortgage Loan:** an advance of funds to a borrower secured by the pledge of real property; the pledge ends when the debt is discharged.

**Mutual Institution:** an institution owned solely by its customers - current savers and borrowers - who elect the board of directors and, if the institution goes out of business, share pro rata in any assets remaining after all liabilities have been paid. Credit unions are mutual institutions, as are many savings and loan companies and savings banks.

**Noninstallment Credit:** credit granted, with payment to be made in a lump sum, at a future date. Examples include travel and entertainment card accounts and hospital and physician accounts receivable.

**Nonrecourse Financing:** an arrangement whereby a sales financing agency takes contracts from a seller and under which the seller is not liable to the financing agency if the consumer-buyer defaults.

**Open End Credit:** see "Revolving Credit."

**Overdraft Checking:** line of credit permitting a person to write checks for more than the account balance, with interest charged on the amount borrowed.

**Points:** a loan discount, which is a one-time, front-end interest charge, used to adjust the lenders' yield on a loan to market conditions. Each point equals one percent of the principal amount. If two points are charged on a loan of $50,000, the actual amount of credit received is $49,000.

**Point-of-Sale System (POS):** an electronic system which accepts financial data from a credit or debit card at or near a retail selling location and transmits those data to a computer or authorization network for reporting activity, authorization, and transaction logging. Also, at the retail location, upon authorization, funds are transferred from the customer's account to the retailer's account at the time of activity.

**Precomputed Consumer Credit Transaction:** a consumer credit transaction other than a consumer lease in which the debt is a sum comprising the amount financed and the amount of the finance charge computed in advance. A disclosure required by the Federal Truth in Lending Act does not in itself make a finance charge or transaction precomputed.

**Private-Label Financing:** when the seller of merchandise also offers financing and manages the financing of the credit accounts in house.

**Private Mortgage Insurance:** insurance offered by a private company that (a) protects a lender against loss on a defaulted mortgage loan up to policy limits, often 75% to 90% of the total loan amount; or (b) protects owners of mortgage-backed securities against losses on the underlying loans up to policy limits, often 95% of the total principal.

**Producer Price Index (PPI):** an index of the prices of a fixed market basket of goods sold in primary markets by producers of commodities in all stages of processing, formerly known as the Wholesale Price Index.

**Rebate:** portion of unearned interest on a precomputed loan returned to borrower if loan is repaid or otherwise terminated before the date designated for full payment.

**Recession:** a period of time during which the rate of growth of business activity is consistently less that its long-term trend, or is negative.

**Recourse Financing:** an arrangement whereby a sales financing agency takes contracts from a seller and under which the seller is liable to the financing agency if the consumer-buyer defaults. The seller is responsible for repossessing the item financed.

**Repossession:** act of reclaiming durable goods purchased which were on credit and secured by a lien for which payment is past due.

**Repurchase Plan:** an arrangement whereby a sales financing agency takes contracts from a seller and under which, if the consumer-buyer defaults, the financing agency is responsible for repossessing the item financed and return it to the seller (usually within 90 days of default). The seller then is responsible for paying the financing agency the unpaid balance on the sales contract.

**Recision:** cancellation of a contract without penalty.

**Revolving Credit:** credit arrangement provided consumers by many financial institutions and retailers. Consumers may purchase goods and services (or in some cases obtain cash advances) at any time, up to a credit limit. Consumers may repay all or a portion of the balance due at any time, subject to specified minimum monthly payments with balances carried forward assessed a finance charge.

**Rule of 78:** a mathematical formula for determining the amount of the finance charge to be allocated to each installment period on a precomputed credit transaction. The portion of the total dollar finance charge allocatable to any particular installment period is equal to $2n/N(N + 1)$, where:

n = the number of installment payments yet to be made, including the particular installment period, and
N = the total number of installments contracted for.

**Sales Finance Company:** a specialized financial institution that extends installment credit through retail dealers to consumers.

**Savings and Loan Association (S & L):** a state-chartered or federally chartered financial intermediary that accepts deposits from the public and invests those funds primarily in residential mortgage loans; in various jurisdictions, also called a savings association, co-operative bank, homestead society or building and loan association. S&Ls may be mutual associations or stock companies.

**Savings Bank:** a banking association whose purpose is to promote thrift and savings habits in a community. It may be either a stock organization (a bank with a capital stock structure) or a "mutual savings bank." A savings bank is allowed to extend both commercial and mortgage loans.

**Secondary Mortgage Market:** the aggregate buying, selling and trading of existing mortgage loans and mortgage-backed securities.

**Securitization:** the process of packaging receivables, such as mortgages, automobile loans, and credit-card accounts and selling interest in those packages.

**Travel and Entertainment Cards:** cards without revolving credit. The customer receives a statement of expenses incurred each month; the balance is due and payable in full, although extended-payment plans are also offered.

**Truth-in-Lending Act:** officially, the Consumer Credit Protection Act of 1968, it requires most categories of lenders to disclose the true annual percentage rate on virtually all types of loans and credit sales as well as the total dollar cost and other terms of a loan.

**Uniform Consumer Credit Code:** a consumer protection act designed for enactment by state legislatures which contains one uniform set of regulations for all major credit grantors. Promulgated by the National Conference of Commissioners on Uniform State Loans.

**Usury:** the rate of interest paid for the use of another's money, or for credit extended, which exceeds the legal limit allowed for that type of transaction by the state whose laws govern the legality of the transaction.

**United States Rule:** see "Actuarial Method."

**VA Loan:** a mortgage or manufactured home loan made by a private lender and guaranteed by the Veterans Administration.

**Variable Rate Mortgage Loan:** see "Adjustable Rate Loan"

**Wage Assignment:** an agreement permitting a lender to collect a certain portion of a borrower's salary from his or her employer if payment is not made as specified in the credit contract.

## PUBLICATIONS
## CREDIT RESEARCH CENTER

MONOGRAPH No. 1: An Empirical Analysis of Retail Revolving Credit (Out-of-print)
MONOGRAPH No. 2: Credit Policies and Store Locations in Arkansas Border Cities: Merchant Reactions to a Ten Percent Finance Charge Ceiling
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